

Office of the Legislative Auditor

State of Montana



Report to the Legislature

June 1992

Financial-Compliance Audit

For the Two Fiscal Years Ended June 30, 1991

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Billings, Butte, Great Falls, Helena, and Missoula Vocational-Technical Centers

This report contains 26 recommendations to the centers and the Commissioner of Higher Education. Major issues addressed in the report include:

- ▶ Documenting match on federal programs.
- ▶ Recording operational plans on the accounting records.
- ▶ Accounting information misstated on the statewide budgeting and accounting system.
- ▶ Compliance with state purchasing laws and regulations.
- ▶ Inventory and cash control weaknesses.

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Financial-compliance audits are conducted by the Office of the Legislative Auditor to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations which could have a significant financial impact. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

The Single Audit Act of 1984 and OMB Circular A-128 require the auditor to issue certain financial, internal control, and compliance reports regarding the state's federal financial assistance programs, including all findings of noncompliance and questioned costs. This individual agency audit report is not intended to comply with the Single Audit Act of 1984 or OMB Circular A-128 and is therefore not intended for distribution to federal grantor agencies. The Office of the Legislative Auditor issues a statewide biennial Single Audit Report which complies with the reporting requirements listed above. The Single Audit Report for the two fiscal years ended June 30, 1989 has been issued. Copies of the Single Audit Report can be obtained by contacting:

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June 1992

The Legislative Audit Committee
of the Montana State Legislature:

This is the financial-compliance audit report on the Billings, Butte, Great Falls, Helena, and Missoula Vocational-Technical Centers for fiscal years 1989-90 and 1990-91. The written responses to audit recommendations are included at the end of the audit report. We thank the directors, the centers' staff, and the Commissioner of Higher Education for their cooperation and assistance throughout the audit.

Respectfully submitted,

A handwritten signature in cursive script, reading "Scott A. Seacat".

Scott A. Seacat
Legislative Auditor

Office of the Legislative Auditor

Financial-Compliance Audit

For the Two Fiscal Years Ended June 30, 1991

Billings, Butte, Great Falls, Helena, and Missoula Vocational-Technical Centers

Members of the audit staff involved in this audit were: Jeane Carstensen, Renee Foster, Geralyn Hoffman, Charles V. Jensen, Glenn Jorgenson, Wayne Kedish, D.J. Kimball, Victoria Murphy, Lorry Parriman, Catherine L. Scarff, and Cindy D. Susott.



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Appointed and Administrative Officials

Board of Regents of Higher Education			Term
			<u>Expires</u>
	Stan Stephens, Governor*		1992
	Nancy Keenan, Superintendent of Public Instruction*		1992
	William L. Mathers, Chairman	Miles City	1994
	Thomas F. Topel	Billings	1993
	Cordell Johnson	Helena	1996
	Kermit R. Schwanke	Missoula	1997
	Paul F. Boylan	Bozeman	1998
	Jim Kaze	Havre	1999
	Kathey S. Rebish, Student Regent	Missoula	1992
Administrative Officials	Dr. John M. Hutchinson*	Commissioner of Higher Education	
	Rod Sundsted	Acting Associate Commissioner for Management and Fiscal Affairs	
	Dr. Brady J. Vardemann	Associate Commissioner for Vocational-Technical Education	
Billings Vocational- Technical Center	Dr. George Bell	Director	
	Teresa Timm	Assistant Director	
Butte Vocational- Technical Center	Harry Freebourn	Director	
	Mary Jo Riley	Accountant	
Great Falls Vocational- Technical Center	Willard R. Weaver	Director	
	Tom Stump	Chief Fiscal Officer	
Helena Vocational- Technical Center	Dr. Alex Capdeville	Director	
	Chuck Wetterling	Accounting Supervisor	
Missoula Vocational- Technical Center	Dr. Dennis Lerum	Director	
	Dr. Jim Taylor	Deputy Director	

*Ex officio members of the Board of Regents of Higher Education

Summary of Recommendations

This listing below serves as a means of summarizing the recommendations contained in the report, the Commissioner of Higher Education and centers' responses thereto, and a reference to the supporting comments.

<u>Recommendation #1</u>	We recommend the Commissioner of Higher Education assist the centers in establishing systems to ensure the state match is met as required by federal programs.	8
	Commissioner of Higher Education Response: Do not concur. See page 121.	
<u>Recommendation #2</u>	We recommend the centers record the Board of Regents approved budgets on SBAS in accordance with state law.	9
	Commissioner of Higher Education Response: Concur. See page 121.	
<u>Recommendation #3</u>	We recommend the Billings and Butte Vocational-Technical Centers work with the other centers to implement a system to ensure Vocational Rehabilitation and Job Training Partnership Act assistance is considered in determining the student's financial need.	12
	Billings Vocational-Technical Center Response: Concur. See page 123. Butte Vocational-Technical Center Response: Concur. See page 125.	
<u>Recommendation #4</u>	We recommend the Commissioner of Higher Education continue working with the centers to consistently record SSIG revenue and expenditures in accordance with state policy.	13
	Commissioner of Higher Education Response: Concur. See page 122.	
<u>Recommendation #5</u>	We recommend the Butte Vocational-Technical Center record expenditures in the proper year in accordance with state laws and regulations.	24
	Butte Vocational-Technical Center Response: Concur. See page 125.	

Summary of Recommendations

<u>Recommendation #6</u>	We recommend the Butte Vocational-Technical Center develop a plan to ensure the Auxiliary Subfund is consistently allocated all applicable expenditures.	25
	Butte Vocational-Technical Center Response: Concur. See page 126.	
<u>Recommendation #7</u>	We recommend the Butte Vocational-Technical Center ensure financial activity is properly recorded on SBAS in accordance with state law and policy.	26
	Butte Vocational-Technical Center Response: Concur. See page 126.	
<u>Recommendation #8</u>	We recommend the Butte Vocational-Technical Center award financial aid based on the financial need as documented in the student's file.	27
	Butte Vocational-Technical Center Response: Concur. See page 126.	
<u>Recommendation #9</u>	We recommend the Butte Vocational-Technical Center implement formal procedures to ensure state college work-study is awarded in accordance with state law.	28
	Butte Vocational-Technical Center Response: Concur. See page 126.	
<u>Recommendation #10</u>	We recommend the Butte Vocational-Technical Center:	
	A. Comply with state employee travel laws and regulations.	30
	Butte Vocational-Technical Center Response: Concur. See page 127.	
	B. Adequately document actual travel expenses incurred by its employees.	30
	Butte Vocational-Technical Center Response: Concur. See page 127.	

Summary of Recommendations

<u>Recommendation #11</u>	We recommend the Butte Vocational-Technical Center adequately document compliance with the state's timely deposit law.	31
	Butte Vocational-Technical Center Response: Concur. See page 127.	
<u>Recommendation #12</u>	We recommend the Great Falls Vocational-Technical Center continue to improve its cash estimation process and disburse federal funds within three working days of receipt.	37
	Great Falls Vocational-Technical Center Response: Concur. See page 130.	
<u>Recommendation #13</u>	We recommend the Great Falls Vocational-Technical Center seek approval for all preagreement costs.	38
	Great Falls Vocational-Technical Center Response: Concur. See page 130.	
<u>Recommendation #14</u>	We recommend the Great Falls Vocational-Technical Center establish review procedures for collections to ensure amounts received are deposited.	39
	Great Falls Vocational-Technical Center Response: Concur. See page 130.	
<u>Recommendation #15</u>	We recommend the Helena Vocational-Technical Center comply with state purchasing laws and regulations.	44
	Helena Vocational-Technical Center Response: Concur. See page 132.	
<u>Recommendation #16</u>	We recommend the Helena Vocational-Technical Center implement review procedures to ensure the federal financial aid reports are supported by accounting records.	45
	Helena Vocational-Technical Center Response: Concur. See page 132.	

Summary of Recommendations

<u>Recommendation #17</u>	We recommend the Helena Vocational-Technical Center establish adequate control over merchandise inventory.	46
	Helena Vocational-Technical Center Response: Concur. See page 132.	
<u>Recommendation #18</u>	We recommend the Helena Vocational-Technical Center implement controls to ensure proper segregation of duties over collections.	47
	Helena Vocational-Technical Center Response: Concur. See page 132.	
<u>Recommendation #19</u>	We recommend the Helena Vocational-Technical Center implement controls to ensure employees are not given more than one computer access ID.	48
	Helena Vocational-Technical Center Response: Concur. See page 132.	
<u>Recommendation #20</u>	We recommend the Helena Vocational-Technical Center record expenditures in the proper year in accordance with state law and policy.	49
	Helena Vocational-Technical Center Response: Concur. See page 133.	
<u>Recommendation #21</u>	We recommend the Helena Vocational-Technical Center:	
	A. Request and deposit federal funds prior to disbursing student financial aid.	50
	Helena Vocational-Technical Center Response: Concur. See page 133.	
	B. Obtain authorization for inter-entity loans in accordance with state law.	50
	Helena Vocational-Technical Center Response: Concur. See page 133.	

Summary of Recommendations

<u>Recommendation #22</u>	We recommend the Helena Vocational-Technical Center ensure financial activity is properly recorded on SBAS in accordance with state law and policy.	52
	Helena Vocational-Technical Center Response: Concur. See page 133.	
<u>Recommendation #23</u>	We recommend the Helena Vocational-Technical Center:	
	A. Provide training to key personnel to enhance compliance with state accounting and control policies.	53
	Helena Vocational-Technical Center Response: Concur. See page 133.	
	B. Adequately supervise and review center personnel's work to ensure errors are minimized and detected in a timely manner.	53
	Helena Vocational-Technical Center Response: Concur. See page 133.	
<u>Recommendation #24</u>	We recommend the Missoula Vocational-Technical Center comply with state law and policy regarding access to contractor records.	57
	Missoula Vocational-Technical Center Response: Concur. See page 135.	
<u>Recommendation #25</u>	We recommend the Missoula Vocational-Technical Center return the excess additional millage to the school district as required by state law.	58
	Missoula Vocational-Technical Center Response: Partially concur. See page 135.	
<u>Recommendation #26</u>	We recommend the Missoula Vocational-Technical Center properly record interdepartmental eliminations in compliance with state law and policy.	59
	Missoula Vocational-Technical Center Response: Concur. See page 136.	

Introduction and Audit Objectives

We performed financial-compliance audits of the Billings, Butte, Great Falls, Helena, and Missoula Vocational-Technical Centers for the two fiscal years ended June 30, 1991. This combined report includes a findings and recommendations section that contains issues at the centers and/or recommendations to the Commissioner of Higher Education and separate sections addressing any recommendations specific to a center. This report also contains a financial section that includes our independent auditor reports and financial schedules for each of the five centers. Our audit objectives were to:

1. Determine if the centers complied with applicable state and federal laws and regulations.
2. Make recommendations for improving management and internal controls of the centers.
3. Determine if the Commissioner of Higher Education's management control system provides consistent guidance to achieve compliance with Board of Regent policies.
4. Determine the implementation status of prior audit recommendations.
5. Determine if the centers' financial schedules for the two fiscal years ended June 30, 1991, present fairly the results of operations and changes in fund balances in accordance with state accounting law and policy.

In accordance with section 5-13-307, MCA, we analyzed the costs of implementing the recommendations made in this report. Each report section discloses the cost, if significant, of implementing the recommendation. Areas of concern deemed not to have a significant effect on the successful operations of the center are not included in this report, but have been communicated to center management.

Introduction

Background

Governance

Official state designation was granted to the centers in 1969 when the State Board of Education, through authorization granted by the state legislature, created the existing Montana Postsecondary Vocational-Technical Center System. The 50th Legislature, in Chapter 658, Laws of 1987, transferred the governance of the five vocational-technical centers from joint governance with the Office of Public Instruction (OPI) and the local school districts to single governance under the Board of Regents of Higher Education. Provisions of the bill allowed a two year period to effect the transfer. Directors of the centers became state employees effective July 1, 1987, and the remaining staff and faculty became state employees effective July 1, 1989. The centers are funded from four major sources: state General Fund, tuition and fees, one and one-half mill county levies, and federal vocational-education funds. The centers are budgeted based on the number of full-time equivalent (FTE) students for instruction and support programs.

The centers' primary objectives are to prepare postsecondary students for employment and to provide trained workers for employment opportunities. Montana's five vocational-technical centers collectively serve approximately 2,400 students annually.

Operations

All five centers are accredited by the Commission of Colleges of the Northwest Association of Schools and Colleges. The following schedule identifies the programs offered by the centers.

Introduction

Programs by Area¹

	Billings	Butte	Great Falls	Helena	Missoula
<u>HEALTH</u>					
Practical Nursing	C	C	C	C	C
Dental Assisting			C		
Emergency Medical Technology			C		
Child Care/Nanny			C		
Nurse Attendant/Orderly			C		
Occupational Therapy Assisting			AAS		
Respiratory Therapy			AAS		C
Surgical Technologist					C
<u>TECHNICAL & INDUSTRIAL</u>					
Auto Body Repair & Refinishing	C		C		
Automotive Technology	AAS	AAS		AAS	
Aviation Maintenance				C	
Building Maintenance Engineering					AAS
Diesel Technology	C			C	C
Carpentry				C	
Drafting Technology	AAS	AAS			
Electronics		AAS		AAS	AAS
Heating, Ventilation & AC	C				
Heavy Equipment Operation					C
Metals Fabrication		C		C	
Welding Technology	C	C		C	C
Truck Operation					C
Small Engine Repair		C			C
Watch/Microprecision & Jewelry Technology			C		
<u>BUSINESS & OFFICE TECHNOLOGY</u>					
Accounting Technology	AAS		AAS	AAS	AAS
Secretarial Technology	X	X	X	X	X
Retail Management					AAS
Microcomputer Applications	C		AAS	AAS	AAS
Other MISC. Information & Computer Processing	X	X	X	X	X
Business Management			C		
<u>OTHER</u>					
Culinary Arts/Food Service	C		C		C
Legal Assisting/Paralegal					AAS
Interior Design			C		

C=Certificate

AAS=Associate of Applied Science

X=Programs exist in both certificate or AAS format

Source: Commissioner of Higher Education

¹This schedule represents general broad categories and not necessarily each specific program offered at the centers.

Introduction

The following tables illustrate the number of full-time equivalent (FTE) students enrolled at each center during fiscal years 1989-90 and 1990-91. We compiled this information from 12th or 15th instructional day reports, including restricted enrollment, obtained from the centers or the Commissioner of Higher Education. Addendum enrollment figures are excluded from the information. A contact hour represents an hour of scheduled instruction given to students. A credit hour represents a standard period of instruction that can be applied to the total number of hours needed for completing requirements of a degree, diploma, certificate, or other formal award offered at the centers. FTE students are calculated using the following formats:

Quarter contact hours divided by 333.33

Semester contact hours divided by 450

Calculated credit hours divided by 15

Great Falls and Butte Vocational-Technical Centers switched from a quarter system in fiscal year 1989-90 to a semester system in fiscal year 1990-91. Additional disclosure on FTE can be found on page 14 of this report.

Table 1

Billings Vocational-Technical Center
Schedule of Full-Time Equivalent (FTE) Students
For the Two Fiscal Years Ended June 30, 1991

<u>Quarter</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1989-90	94	44	80
<u>Semester</u>				
Fall	1989-90	315	291	372
Spring	1989-90	329	344	399
<u>Semester</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1990-91	0	0	0
Fall	1990-91	342	278	391
Spring	1990-91	384	282	402

Source: Compiled by the Office of the Legislative Auditor from center and Commissioner of Higher Education records.

Table 2

Butte Vocational-Technical Center
Schedule of Full-Time Equivalent (FTE) Students
For the Two Fiscal Years Ended June 30, 1991

<u>Quarter</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1989-90	0	0	0
Fall	1989-90	263	216	****
Winter	1989-90	270	228	****
Spring	1989-90	423	251	****

<u>Semester</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1990-91	0	0	0
Fall	1990-91 ^A	330	226	293
Spring	1990-91 ^A	333	246	304

^A These semesters include nurses who were enrolled in the '89-90 school year that remained on the quarter system.

****Credit hour information was not available this year.

Source: Compiled by the Office of the Legislative Auditor from center and Commissioner of Higher Education records.

Table 3

Great Falls Vocational-Technical Center
Schedule of Full-Time Equivalent (FTE) Students
For the Two Fiscal Years Ended June 30, 1991

<u>Quarter</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1989-90	283	179	214
Fall	1989-90	603	408	554
Winter	1989-90	499	378	496
Spring	1989-90	690	356	474

<u>Semester</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1990-91	285	113	124
Fall	1990-91	630	400	468
Spring	1990-91	728	428	494

Source: Compiled by the Office of the Legislative Auditor from center and Commissioner of Higher Education records.

Introduction

Table 4

Helena Vocational-Technical Center
Schedule of Full-Time Equivalent (FTE) Students
For the Two Fiscal Years Ended June 30, 1991

<u>Quarter</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1989-90	52	49	55
<u>Semester</u>				
Fall	1989-90	732	****	510
Spring	1989-90	663	****	459
<u>Semester</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1990-91	107	24	33
Fall	1990-91	568	403	484
Spring	1990-91	530	385	467

****Contact hour information was not available this semester.

Source: Compiled by the Office of the Legislative Auditor from center and Commissioner of Higher Education records.

Table 5

Missoula Vocational-Technical Center
Schedule of Full-Time Equivalent (FTE) Students
For the Two Fiscal Years Ended June 30, 1991

<u>Semester</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1989-90	59	27	28
Fall	1989-90	552	442	539
Spring	1989-90	495	****	474
<u>Semester</u>	<u>Fiscal Year</u>	<u>Head Count</u>	<u>Contact Hours FTE</u>	<u>Credit Hours FTE</u>
Summer	1990-91	75	23	29
Fall	1990-91	564	469	559
Spring	1990-91	556	424	505

****Contact hour information was not available this semester.

Source: Compiled by the Office of the Legislative Auditor from center and Commissioner of Higher Education records.

**FINDINGS &
RECOMMENDATIONS**

Findings and Recommendations

Preface

The findings and recommendations included in this central issues section relate to systemwide concerns addressed to the Commissioner of Higher Education and/or common issues found at more than one center. Additional findings and recommendations are also disclosed in each center's section.

Questioned Matching Funds

The Office of the Commissioner of Higher Education (CHE) subgranted federal Carl Perkins (CFDA #84.048) funds to the centers for fiscal years 1989-90 and 1990-91. We reviewed the Carl Perkins expenditures during our audit of the centers. We noted four of the five centers did not have documentation to ensure the state match directly benefited the Carl Perkins projects. For example, the Billings center used 100 percent of its student services program operating expenditures as state match for the Carl Perkins grant. The student services program includes some related Carl Perkins operating costs. However, student services also processes all student financial assistance. The Helena center has no allocation procedures and does not track any state match for Carl Perkins. Great Falls and Butte centers used their campus lease and bond payments as state match. The allowability of the bond payments as state match was addressed in the CHE audit report (#91-20) and is not discussed in this report. The Missoula center has a process to adequately document the state match for its Carl Perkins grants.

OMB Circulars A-102 and A-110 establish criteria for the allowability of cash and in-kind contributions made to satisfy cost sharing and matching requirements of federal grants. Generally, these circulars require that cost sharing or matching consist of project costs not borne by the federal government that are "necessary and reasonable for proper and efficient accomplishment of project objectives." Federal regulations specific to the Carl Perkins program (34.CFR 401.94) limit the federal share of most projects, services and activities to 50 percent. These regulations indicate the state share should benefit specific Carl Perkins projects, services or activities, or the state's overall Carl Perkins program.

Findings and Recommendations

Center personnel indicated they believed any vocational education expenditure could be used as state match for Carl Perkins grants. After reviewing the federal regulations and discussing cost sharing and matching requirements with U.S. Department of Education officials, we determined that costs claimed as match must benefit the federal program being matched. The centers and the Commissioner of Higher Education have claimed state match which does not directly benefit the Carl Perkins program.

We believe the centers have some allowable costs which benefit the Carl Perkins program and have not been claimed or documented as match. CHE personnel should monitor the centers' state match to ensure allowability. Although the Carl Perkins program no longer requires matching funds after June 30, 1991, other federal programs may require state match. CHE should provide guidance to the centers regarding the allowability and required documentation necessary for each federal program that requires state match.

Recommendation #1

We recommend the Commissioner of Higher Education assist the centers in establishing systems to ensure the state match is met as required by federal programs.

Operating Budgets

While testing compliance with appropriations law, we noted all five centers incorrectly recorded their operational plans on the Statewide Budgeting and Accounting System (SBAS). The centers record preliminary operational plans on SBAS at the start of each fiscal year. The Board of Regents (BOR) approves a revised operational plan prior to the end of October each fiscal year. According to House Bill 100, Laws of 1989, "Each agency shall record its operating budget and any approved changes on the statewide budgeting and accounting system." Starting July 1, 1991 this has become state law in section 17-7-138, MCA. We noted the following instances where the budget amounts

Findings and Recommendations

recorded on SBAS differed from the approved BOR operating budget.

Table 6		
<u>Operating Budgets Incorrectly Recorded on SBAS</u>		
Fiscal year 1989-90		
<u>Center</u>	<u>Operating Plan Line Items</u>	<u>Number Incorrectly Recorded</u>
Billings	42	1
Butte	28	7
Great Falls	38	11
Helena	20	4
Missoula	29	1
Fiscal year 1990-91		
<u>Center</u>	<u>Operating Plan Line Items</u>	<u>Number Incorrectly Recorded</u>
Billings	40	1
Butte	31	1
Great Falls	47	3
Helena	22	10
Missoula	31	1
Source:	Compiled by the Office of the Legislative Auditor from center accounting records.	

Several center personnel cited human error, and others were not aware they had to adjust the budgets to match the BOR approved operating budget. CHE issued a memo to all centers on June 8, 1991 informing the centers of their responsibility to ensure budgets are accurately reflected on SBAS. The centers should ensure they record the approved operating budgets on SBAS.

Recommendation #2

We recommend the centers record the Board of Regents approved budgets on SBAS in accordance with state law.

Findings and Recommendations

Excess Student Financial Assistance Awards

The centers participate in the following federal student financial assistance programs: Pell Grants (CFDA #84.063), College Work-Study (CWS) (CFDA #84.033), State Student Incentive Grants (SSIG) (CFDA #84.069), Supplemental Educational Opportunity Grants (SEOG) (CFDA #84.007) and Stafford Loans (CFDA #84.032). All of the programs, except Pell, are considered campus based aid.

These financial aid programs are awarded based on students' financial need. Financial need is the difference between the student's cost of attendance and the student's ability to pay those costs. The center analyzes and determines each student's need as follows:

Cost of attendance	XXX
Less expected family contribution	(XXX)
Less other resources	<u>(XXX)</u>
Financial need	XXX

The cost of attendance is an estimate of the student's educational expenses for the year. The cost of attendance includes expenses such as tuition and fees, room and board, transportation, and books.

Students may also receive Vocational Rehabilitation (voc-rehab) assistance from the Department of Social and Rehabilitation Services (SRS) or Job Training Partnership Act (JTPA) payments from the Department of Labor and Industry (DOLI) to pay for expenses. We noted instances where the centers awarded financial aid in excess of the student's need.

1. We reviewed financial aid files of ten students at the Billings center who were receiving JTPA or voc-rehab assistance during fiscal year 1990-91. One student was overawarded \$941 because the center failed to include JTPA assistance in calculating financial need. Because federal regulations permit overawards up to \$200 per student for campus-based financial aid, we question costs of \$741 in fiscal year 1990-91.

Center accounting personnel stated when payment is received from JTPA or voc-rehab for the student's tuition

Findings and Recommendations

and fees, the financial aid office is notified. However, financial aid personnel stated they do not have the time or staff to recalculate the student's financial need prior to financial aid disbursements.

2. At the Butte center we reviewed five student financial aid files, two of which concerned students who received voc-rehab. The financial need calculations for these students did not include the amount received from voc-rehab as financial assistance. To determine the extent of overawards we obtained a list of all voc-rehab and JTPA recipients and recalculated financial need. In fiscal year 1989-90, seven students received overawards totalling \$4,022. In fiscal year 1990-91, four students received overawards totalling \$2,689. Because federal regulations permit overawards up to \$200 per student for campus-based financial aid, we question costs of \$2,622 and \$1,889 in fiscal years 1989-90 and 1990-91, respectively.

Center personnel stated it is difficult to identify which students are receiving voc-rehab and JTPA, because the determination process occurs at the same time for voc-rehab, JTPA and the centers' financial aid. Personnel also stated federal regulations will hold the institution accountable for additional resources which accrue to the student after financial aid is determined, but monetary exception could not be taken against the center if the resource was unexpected. Due to the nature of vocational training, the center should expect students to receive voc-rehab and JTPA assistance.

Federal regulations require institutions to coordinate federal and nonfederal student financial aid and to establish controls to preclude the awarding of assistance in excess of student's financial needs. The U.S. Department of Education issued a letter in January 1992 that outlines the requirements for coordination of student financial aid and voc-rehab benefits. CHE should assist Billings and Butte in establishing systems to include JTPA and voc-rehab in the student financial need calculation. The centers should coordinate with other financial aid programs to ensure student's financial aid awards are based on financial need.

Findings and Recommendations

Recommendation #3

We recommend the Billings and Butte Vocational-Technical Centers work with the other centers to implement a system to ensure Vocational Rehabilitation and Job Training Partnership Act assistance is considered in determining the student's financial need.

State Student Incentive Grants

The centers offer State Student Incentive Grants (SSIG)(CFDA #84.069) as financial assistance to students attending the vocational-technical centers. SSIG is paid from a combination of state and federal funding.

We noted all five centers recorded SSIG activity differently on the state's accounting records. Revenue is recorded either in the "grants, contracts, donations and abandonments" or "federal" statewide revenue classification; or a combination thereof. Expenditures are recorded as "grants from state or federal sources" or a combination of the two.

State policy defines grants, contracts, donations and abandonments revenue classification as all property, money or other assets given to the state except from federal sources. The following table illustrates the amount of misstatements by center.

Findings and Recommendations

Table 7

SSIG Misclassification

		<u>Amount of Over(under)statement</u>	
		<u>Fiscal Year 1989-90</u>	<u>Fiscal Year 1990-91</u>
		<u>Revenue</u>	<u>Revenue</u>
		<u>Federal</u>	<u>Federal</u>
		<u>Grants, Contracts, Donations & Abandonments</u>	<u>Grants, Contracts, Donations & Abandonments</u>
Butte	\$(3,718)	\$3,718	\$(1,952)
Great Falls	(5,386)	5,386	(3,877)
Helena	(5,020)	5,020	(3,947)
Missoula	(3,608)	3,608	(3,225)

Source: Compiled by the Office of the Legislative Auditor from center accounting records.

CHE determines the amount of funding for each center and disburses the funds to the centers. State policy provides guidance on recording the SSIG revenue and expenditures. CHE should assist the centers to consistently implement state policy.

Recommendation #4

We recommend the Commissioner of Higher Education continue working with the centers to consistently record SSIG revenue and expenditures in accordance with state policy.

Disclosure Issue

Full-Time Equivalent Students

The instruction, support and plant operation and maintenance programs at the centers are funded based in part on anticipated student full-time equivalents (FTE). Prior to fiscal year 1989-90 the centers reported student enrollment based on contact hours. During fiscal year 1989-90 the centers began reporting FTE on a credit hour basis to be consistent with the method used by the state's colleges and universities and other postsecondary educational institutions.

The conversion caused student FTE counts to increase inconsistently between centers with no significant change in programs. For example, there was a 55 percent increase at the Butte center between FTE contact hours and FTE credit hours for fiscal year 1989-90. At the Great Falls center there was only a 17 percent increase in FTE in converting from contact hours to credit hours. CHE stated a comparison of contact hour FTE and credit hour FTE is not meaningful because the concepts of credit hour values and contact hour values are significantly different. Since FTE figures are used in the formula for determination of funding for the centers, it is important that the information and application of the formula be consistent and accurate.

Converting the centers to credit hour FTE was intended to ensure consistent FTE calculations within the university system. Universities use a standard of 15 credit hours which equals one FTE because this is the average credit load a student must take each semester to achieve a degree (120 credit hours). This criteria is consistent between university units and provides a uniform value of a FTE from unit to unit. Vocational-technical center programs do not have uniform credit requirements for completion of two, three, or four semester programs. The number of credits required for program completion varies greatly. Center personnel stated the current method of dividing total credit hours by the factor of 15 provides a uniform value of a FTE from program to program or center to center. However, given the significant variance in contact and credit hour FTE observed it would appear there may be an inconsistency in the value of the credit hour among and between the centers.

For example, ten students completing the three semester nursing program at the Billings center would generate 660 credits while ten students completing the same program at Missoula would generate 510 credits. Using the standard of 15 credit hours, the Billings program would generate 44 FTE, while the Missoula program would only generate 34 FTE. Ten students completing the two year Commercial Food Tech program would generate 590 credits and 39.3 FTE at the Great Falls center or 810 credits and 54 FTE at the Billings center.

CHE is currently evaluating the FTE conversions to ensure more consistent and uniform reporting of enrollments at the centers, including on-site reviews of enrollment operations and reporting mechanisms at each of the centers. The Associate Commissioner will issue guidelines for credit hour determination and supporting activities that will ensure more consistency in the credit hour value. Therefore, we make no recommendations at this time.

Billings

Billings Vocational-Technical Center

Billings Vocational-Technical Center

Prior Audit Recommendations

Prior Audit Recommendations

Our office performed the Billings Vocational-Technical Center audit for the two fiscal years ended June 30, 1989. The prior audit report contained ten recommendations which are still applicable to the center's operations. The center concurred with and implemented all ten prior recommendations.

Billings Vocational-Technical Center

Findings and Recommendations

Preface

This section contains no recommendations addressed only to the Billings Vocational-Technical Center. There are central issues related to the center on pages 7, 8, and 10 of this report.

Butte

Butte Vocational-Technical Center

Butte Vocational-Technical Center

Prior Audit Recommendations

Prior Audit Recommendations

Our office performed the Butte Vocational-Technical Center audit for the two fiscal years ended June 30, 1989. The prior audit report contained 17 recommendations which are still applicable to the center's operations. The center concurred with all 17 prior recommendations. The center implemented 14 and partially implemented 3 of the prior recommendations. The recommendations not fully implemented relate to accounting issues, employee travel, and timely deposits. These issues are again addressed in this report on pages 25, 28, and 30, respectively.

Butte Vocational-Technical Center

Findings and Recommendations

Preface

In addition to the following findings and recommendations, there are central issues related to the center addressed on pages 7, 8, 10, and 12 of this report.

Accounting Records

The Butte Vocational-Technical Center financial information is used by center officials, the Board of Regents, and the legislature to manage and establish funding levels for the center. The center uses the Statewide Budgeting and Accounting System (SBAS) to record its financial activity. Section 17-1-102(5), MCA, indicates "all state agencies. . . shall input all necessary transactions to the accounting system. . . before the accounts are closed at the end of the fiscal year in order to present the receipt, use, and disposition of all money and property for which the agency is accountable in accordance with generally accepted accounting principles (GAAP). . ." In addition, the Department of Administration, Accounting and Management Support Division, establishes state accounting policy as outlined in the Montana Operations Manual (MOM). We noted the following instances where the activity recorded by the center on SBAS does not comply with state accounting policy and law.

Accruals

The center accrued expenditures for two pieces of equipment totaling \$24,456 in fiscal year 1990-91. The center did not issue purchase orders or receive this equipment during fiscal year 1990-91. Consequently the purchase did not qualify as a fiscal year 1990-91 expenditure.

State policy requires that an expenditure be a valid obligation of the state if it is to be accrued at year-end. An equipment expenditure is a valid obligation in the period the equipment is received or if there is an outstanding purchase order at fiscal year-end. Although, the center prepared and submitted purchase requisitions to central purchasing in June 1991, the purchase orders were not issued until fiscal year 1991-92.

Center personnel indicated this purchase had been an ongoing priority but did not submit the purchase requisition before June

Butte Vo-Tech

Findings and Recommendations

1991 since they did not receive their mill levy revenue until May 1991.

Recommendation #5

We recommend the Butte Vocational-Technical Center record expenditures in the proper year in accordance with state laws and regulations.

Auxiliary Expenses

Auxiliary enterprises are managed as essentially self-supporting activities. The center's bookstore and cafeteria are auxiliary enterprises which furnish goods or services to students and staff and charge fees directly related to the cost of the goods or services. We noted the center does not consistently allocate all applicable expenses to the auxiliary enterprises. In fiscal year 1989-90, the center recorded communication and electrical expenses of \$7,100 for the bookstore. In fiscal year 1990-91 the center only recorded \$300 of communication expenses for the bookstore. Neither of these charges represent the actual cost of communication and electrical costs incurred by the bookstore.

Center personnel indicated they have not established an allocation plan to charge the overhead costs to the auxiliary enterprises since such a plan would be time consuming and costly to prepare. They also said the Auxiliary Subfund was charged more expenses in fiscal year 1989-90 because of tuition revenue shortfalls recorded in the Unrestricted Subfund.

The College and University Business Administration (CUBA) guidelines state auxiliary enterprises should include all costs for operation and maintenance of facilities and administrative support. The center should develop a cost allocation plan to ensure the Auxiliary Subfund is charged all applicable expenditures. Such a plan can be based upon reasonable estimates of actual costs and should be consistently applied from year to year

Butte Vo-Tech

Findings and Recommendations

to present comparable revenues and expenditures of each auxiliary enterprise.

Recommendation #6

We recommend the Butte Vocational-Technical Center develop a plan to ensure the Auxiliary Subfund is consistently allocated all applicable expenditures.

Other Accounting Issues

The center's records included several other accounting transactions which were not in compliance with state accounting policy and resulted in the misstatements and misclassifications listed below.

1. The center recorded a compensated absences liability for unused accumulated employee leave at June 30, 1990 as recommended in our prior audit report. However, the center did not adjust its compensated absences liability for the changes which occurred during fiscal year 1990-91. As a result, the compensated absences liability is overstated by approximately \$8,000 at June 30, 1991. State policy requires the center to determine and record its compensated absences liability as of June 30 each fiscal year.
2. The center recorded approximately \$400 of catering service as consulting service expenditures in fiscal year 1989-90. The center also recorded \$330 of supplies and materials as registration fee expenditures in fiscal year 1990-91.
3. In fiscal year 1990-91 the center classified service fee revenue of \$500 as grants, contracts, donations and abandonments in the Restricted Subfund. The revenue should have been classified as charges for services in the Unrestricted Subfund. The center also classified federal student aid revenue as miscellaneous revenue instead of federal revenue in fiscal year 1990-91.

Butte Vo-Tech

Findings and Recommendations

4. The center was incorrectly accounting for federal college work-study activity during our audit period. As a result, liabilities and ending fund balance in the Restricted Subfund were understated by \$17,405 at June 30, 1991. Expenditures were overstated by \$7,782 in fiscal year 1989-90 and \$9,649 in fiscal year 1990-91.

Center personnel involved with the accounting functions cited several reasons for the misstatements and misclassifications, including human error. Without all financial activity properly recorded on the state's accounting records the quality, consistency, and comparability of the resulting financial information is affected.

In our prior audit we recommended the center obtain and use current copies of state laws, state policy, and other state requirements. The center has obtained this information and should refer to it for guidance as needed when recording financial activity on SBAS.

Recommendation #7

We recommend the Butte Vocational-Technical Center ensure financial activity is properly recorded on SBAS in accordance with state law and policy.

Financial Aid Over-awards

In addition to the following two sections, we noted other instances where the center awarded financial aid in excess of the student's need as discussed in the excess student financial assistance awards section beginning on page 10 of this report.

Butte Vo-Tech

Findings and Recommendations

Federal College Work-Study

While testing a sample of student financial aid files we noted an instance where financial aid was awarded in excess of financial need documented in the student file. The student was originally awarded a Pell Grant and state College Work-Study (CWS) to meet the student's financial need. The center then paid \$1,210 of federal CWS which was not documented on the award letter or in the student's file. Based on documentation in the student's file, the federal CWS disbursement appears to be an overaward of \$807.

Center personnel stated the student's budget should have been adjusted to include summer room and board, which is allowable under federal regulations. The federal regulations do allow this adjustment, but the regulations require this change to be fully documented in the student's financial aid file. In this case the center did not document the adjustment in the file.

Recommendation #8

We recommend the Butte Vocational-Technical Center award financial aid based on the financial need as documented in the student's file.

State College Work-Study

Section 20-25-703, MCA, states at least 70 percent of the state CWS awards must be used for students with demonstrated financial need. The remaining awards may be given to students on a basis other than financial need. The center awarded state CWS of \$4,329, and \$5,078 in fiscal year 1989-90 and 1990-91, respectively.

We noted several students' financial aid files did not document need as the basis for state CWS awards. Center personnel stated they have an informal process for determining how much state work-study is awarded based upon need.

Butte Vo-Tech Findings and Recommendations

We reviewed the documentation for all the awards given as state CWS, and determined the center had not documented compliance with the requirement of awarding 70 percent on the basis of student need. In fiscal year 1990-91 the center awarded 49 percent of the state CWS on a need basis. The center should implement formal procedures to ensure at least 70 percent of the state CWS is awarded based on need.

Recommendation #9

We recommend the Butte Vocational-Technical Center implement formal procedures to ensure state college work-study is awarded in accordance with state law.

Employee Travel Advance and Reimbursement Procedures

During the audit period, center employees submitted signed travel expense reports, before traveling, documenting travel plans such as departure and return times and destination. Accounting personnel determine the proper travel allowances, obtain the director's approval, and forward the reports to the payroll clerk for processing. This travel expense report documents an employee's travel advance. The center does not use a travel expense voucher and has no other reconciliation process to adjust for actual expenses documented by receipts for lodging and other expenses or for actual arrival and departure times.

State regulations require a travel expense voucher to itemize allowable employee expenses. State regulations also state if an employee has been given a travel advance, after the travel has been completed an adjustment must be made. The type of adjustment depends upon the variance between the amount advanced and the actual allowable travel costs.

We noted a number of instances where the center's travel procedures did not comply with state regulations or conflicted with the center's policy, including the following.

Butte Vo-Tech

Findings and Recommendations

1. We reviewed 20 travel expense reports related to fiscal year 1990-91. Ten were not approved by the center director and one was not signed by the employee. The center's travel policy requires the director and the employee to approve travel expense reports. Also, state regulations require a supervisor's approval on all travel expense forms to verify the entries made are correct. Center personnel stated they sometimes process travel expense reports without the director's approval if the director is out of town at the time the advance is requested. Center personnel said they must have overlooked the lack of authorization on the travel expense report not signed by the employee.
2. Four center employees received travel advances for lodging and meals for an overnight out-of-town conference. The lodging was based on an allowance of \$24, established in section 2-18-501, MCA for receipted lodging. However, the center employees did not provide lodging receipts to accounting personnel. Section 2-18-501, MCA, states if an employee fails to obtain a receipt the reimbursement amount is \$12. Center personnel indicated they remind employees to return all receipts but the center does not believe they have authority to pursue the problem.
3. Two center employees were given a meal allowance for lunch without filling out a travel expense report. The travel expenses were documented on a spreadsheet used by the payroll clerk to input travel expenses on central payroll and no other support was available. Center personnel stated they usually note lunches for one-day travel only on their time cards.

The center should comply with state employee travel laws and regulations and adequately document actual travel expenses incurred by its employees. Similar travel issues were addressed in our prior audit report.

Butte Vo-Tech

Findings and Recommendations

Recommendation #10

We recommend the Butte Vocational-Technical Center:

- A. Comply with state employee travel laws and regulations.**
- B. Adequately document actual travel expenses incurred by its employees.**

Adequate Documentation for Timely Cash Deposits

In our prior audit we noted problems with untimely deposits. Accordingly, we reviewed the center's bank depositing procedures and noted the center does not have adequate documentation of timeliness of deposits. The center prepares the deposit tickets, deposits the money in the bank and receives one validated deposit receipt. The center sends the validated deposit receipt to the Department of Administration treasury unit along with the collection report. The center could not provide documentation that it had complied with the state law requiring timely deposits for six collection reports we reviewed. The center did not have a validated deposit ticket or documentation of receipt of moneys received through the mail.

The Montana Operations Manual (MOM) section 2-1220.20 requires the center obtain two validated copies of the bank deposit ticket. The center should attach one copy of the validated deposit ticket with the collection report sent to the treasury unit. The second copy of the validated deposit ticket should be retained by the center and attached to the center's copy of the collection report.

Center personnel said they were not aware of the state policy requiring them to keep a copy of the validated deposit receipt. The center should document its compliance with the state's deposit law.

Butte Vo-Tech

Findings and Recommendations

Recommendation #11

We recommend the Butte Vocational-Technical Center adequately document compliance with the state's timely deposit law.

Great Falls

Great Falls Vocational-Technical Center

Great Falls Vocational-Technical Center

Prior Audit Recommendations

Prior Audit Recommendations

Our office performed the Great Falls Vocational-Technical Center audit for the two fiscal years ended June 30, 1989. The prior audit report contained seven recommendations which are still applicable to the center's operations. The center concurred with six of the prior recommendations and partially concurred with one. The center implemented five, partially implemented one, and did not implement one of the prior recommendations. The recommendations not fully implemented relate to cash management and segregation of the cash receipts functions. These issues are again addressed in this report on pages 35 and 38, respectively.

Great Falls Vocational-Technical Center

Findings and Recommendations

Preface

In addition to the following findings and recommendations, there are central issues related to the center addressed on pages 7, 8, and 12 of this report.

Federal Compliance

The Great Falls Vocational-Technical Center participated in the following federal student financial aid programs: Pell Grants (CFDA #84.063); Stafford Loans (CFDA #84.032); College Work Study (CWS) (CFDA #84.033); Supplemental Educational Opportunity Grants (SEOG) (CFDA #84.007); and State Student Incentive Grants (SSIG) (CFDA #84.069). In addition to these programs, the center received Federal Project Bridge (CFDA #84.078) and federal Vocational Education - Basic Grants to States, or Carl Perkins (CFDA #84.048). Federal audit standards require our report to disclose all federal compliance issues identified during the audit. These federal compliance issues are discussed on pages 35 through 38 of this report.

Cash Management

The center requests cash from the U.S. Department of Education to finance its student financial aid disbursements and the expenditures for the Federal Project Bridge. These cash draws are made through an electronic funds transfer system. Federal guidelines require the center to disburse funds received through this system within three working days of receipt. To comply with this requirement, the center should restrict its requests to meet its current cash needs.

The center maintained excess cash balances in the Pell Grant, CWS, SEOG, and the Federal Project Bridge accounts during the four months tested. The following table outlines the number of days used by the center to disburse the cash draws we tested.

Great Falls Vo-Tech

Findings and Recommendations

Table 8

Disbursement of Federal Cash Drawdowns

<u>Grant Program</u>	<u>Draw Amount</u>	<u>Days to Disburse</u>
Federal Project Bridge (CFDA #84.078)		
November 1989	\$ 15,000	22
January 1990	15,211	28
October 1990	8,000	20
March 1991	8,000	17
Pell Grant (CFDA #84.063)		
November 1989	136,388	10
January 1990	145,556	38
October 1990	231,483	8
March 1991	68,212	6
CWS (CFDA #84.033)		
November 1989	3,000	14
January 1990	2,000	9
SEOG (CFDA #84.007)		
January 1990	4,550	10

Source: Compiled by the Office of the Legislative Auditor.

Excess federal cash was an issue addressed in the center's past two audit reports. In fiscal year 1989-90, the individual responsible for estimating cash was new to the center. Consequently, this individual was not familiar with cash estimation procedures. Center personnel stated they modified their cash estimation process during fiscal year 1990-91 and again in fiscal year 1991-92 to allow them to more closely match cash requests to their cash needs. The center should continue to improve its cash estimation process to ensure disbursement of federal cash, obtained through the electronic funds transfer, is made within three working days of receipt.

Great Falls Vo-Tech Findings and Recommendations

Recommendation #12

We recommend the Great Falls Vocational-Technical Center continue to improve its cash estimation process and disburse federal funds within three working days of receipt.

Carl Perkins Expenditures

The center established its Occupational Therapy program through an approved project of the Carl Perkins program (CFDA #84.048) in fiscal year 1989-90. A second project in fiscal year 1990-91 expanded the program. As part of the fiscal year 1990-91 project, the center was allowed to hire an additional occupational therapy instructor.

During June 1990, the center advertised for an instructor for the 1990-91 academic year through a regional newspaper. The advertising services were performed and a bill received by the center in June 1990. Although the transaction was complete in fiscal year 1989-90, center personnel recorded advertising costs of \$583 in fiscal year 1990-91 as a current year expenditure of the Occupational Therapy project.

Federal regulations state that costs incurred prior to the effective date of an agreement (preagreement costs) are unallowable unless approved by the sponsoring agency. Approval to incur pre-agreement costs for the fiscal year 1990-91 project was not obtained from the Office of the Commissioner of Higher Education (CHE) until after we brought it to their attention. Approval was obtained May 6, 1992, ten months after the close of the project year.

Agency personnel indicated that since the advertising for the faculty position was related to the fiscal year 1990-91 Occupational Therapy project, they waited until fiscal year 1990-91 to charge the costs. Agency personnel were unaware that costs incurred prior to the effective date of a grant are allowable only

Great Falls Vo-Tech

Findings and Recommendations

when approved by the sponsoring agency. The center should request approval for all preagreement costs.

Recommendation #13

We recommend the Great Falls Vocational-Technical Center seek approval for all preagreement costs.

Collection Controls

Center personnel processed approximately \$294,000 and \$265,000 in receipts during fiscal years 1989-90 and 1990-91, respectively, from the center's bookstore and food service operations. During our review of controls over receipts, we noted the center's collection procedures are inadequate to ensure all receipts received are deposited. We addressed an inadequate segregation of duties in the center's collection system in the prior audit report.

The center's accountant is responsible for maintaining custody of receipts and supporting documentation and performing the recordkeeping function. Bookstore and food service operators bring the cash drawers and cash register tapes to the accountant. The accountant prepares the deposit tickets from the receipts and the cash register tapes. The deposit ticket and the receipts are given to the accounting technician, who deposits the receipts at the bank. The accountant prepares the collection reports from the deposit tickets. The fiscal officer reviews and approves the collection reports, but does not compare the collection reports to the cash register tapes or the deposit tickets.

State policy requires the responsibilities for recordkeeping, authorization, and custodianship of receipts be separated if feasible. Center personnel stated they modified their collection procedures in fiscal year 1989-90 and believed the modification was adequate to ensure a proper segregation of duties.

Great Falls Vo-Tech Findings and Recommendations

The center improved its segregation of duties since the prior audit. We believe the center can reduce the risk of loss of daily receipts by comparing the collection report to the cash register tapes and deposit tickets during the review process.

Recommendation #14

We recommend the Great Falls Vocational-Technical Center establish review procedures for collections to ensure amounts received are deposited.

Helena

Helena Vocational-Technical Center

Helena Vocational-Technical Center

Prior Audit Recommendations

Prior Audit Recommendations

Our office performed the Helena Vocational-Technical Center audit for the two fiscal years ended June 30, 1989. The prior audit report contained 14 recommendations which are still applicable to the center's operations. The center concurred with all 14 prior recommendations. The center implemented 12 and did not implement 2 of the prior recommendations. The 2 recommendations not implemented relate to documentation of the local match expenditures for Carl Perkins funds and accounting issues. Both issues are again addressed in this report on pages 7 and 51.

Helena Vocational-Technical Center

Findings and Recommendations

Preface

In addition to the following findings and recommendations, there are central issues related to the center addressed on pages 7, 8, and 12 of this report.

State Compliance

During our audit we reviewed state laws and regulations applicable to the Helena Vocational-Technical Center. The following report section discusses a compliance issue noted during the audit.

Purchasing

Title 18, chapters 4 and 7, MCA, establish statutory parameters for purchasing supplies, equipment, certain services, and printing. State law gives the Department of Administration authority to adopt rules consistent with state law governing procurement of any and all supplies and services for the state.

The Department of Administration's Procurement and Printing Division (central purchasing) has delegated limited purchasing authority to the center. The center may purchase certain items estimated to cost less than \$2,000 or several like items with a combined total of less than \$2,000. Items costing greater than \$2,000 must be submitted to central purchasing. The center frequently by-passes central purchasing for items costing greater than \$2,000. The following are examples of instances where the center did not comply with the delegated purchasing agreement.

- On June 27, 1990 the center purchased a training lathe and a lathe chuck for a total purchase price of \$24,275. Because \$24,242 of this purchase was charged to the Carl Perkins program (CFDA #84.048), we question its allow-ability.
- On June 6, 1990 the center purchased six oscilloscopes. Each oscilloscope cost \$2,545 for a total cost of \$15,270.
- On June 21, 1990 the center purchased a panel system for its main office. The total cost was \$14,223.
- On June 13, 1991 the center purchased ten analog-digital trainers. Each trainer cost \$330 for a total cost of \$3,300.

Helena Vo-Tech Center

Findings and Recommendations

- On April 26, 1991 the center purchased five televisions and five video cassette recorders for the electronics program. Each television cost \$265, and each video cassette recorder cost \$244 for a combined total of \$2,545.
- On December 9, 1989 the center purchased fifteen computer software upgrades and ten computer software programs. The total purchase price was \$2,115.

Center personnel stated their interpretation of the \$2,000 limit of their delegated authority agreement applied to the unit cost of each item. State purchasing regulations clearly require that like purchases be aggregated when determining the applicability of the delegated purchasing authority limit. The reason they purchased items above their delegated authority in June was because they missed the fiscal year-end cutoff date required by central purchasing. The cutoff date for year-end purchase orders varies for different items and is stated in state policy.

The errors noted above document a pattern of noncompliance with purchasing requirements. Center management should instruct its staff to read the purchasing laws and regulations and comply with applicable regulations for each purchase. By not complying with state purchasing requirements, the center may be paying more than necessary for supplies, equipment, and certain services. The center should comply with the delegated purchasing authority agreement and submit purchases in excess of \$2,000 to central purchasing. Also, the center should establish procedures to predict year-end purchases and submit necessary information to central purchasing prior to the year-end deadline.

Recommendation #15

We recommend the Helena Vocational-Technical Center comply with state purchasing laws and regulations.

Helena Vo-Tech Center Findings and Recommendations

Federal Reporting

Federal regulations require that all student financial aid (SFA) reports be supported by the reporting agency's accounting system. The center submits reports to the U.S. Department of Education each fiscal year. These reports identify how much of each type of financial aid the center distributed to students. We noted several instances where the center's accounting records did not support the amounts reported on the federal reports. Two examples are as follows:

- In fiscal year 1989-90 the center recorded \$370,106 of Pell Grant (CFDA #84.063) awards on the accounting records. When the center tried to reconcile the financial aid records with the accounting records they were unable to reconcile \$1,183. We were unable to determine the correct amount of Pell Grant awards.
- The center records College Work-Study (CWS) (CFDA #84.033) expenditures in one accounting entity, then allocates them to the proper accounting entity at a later date. At the end of fiscal year 1990-91 center personnel forgot to allocate \$5,975 of these expenditures. CWS expenditures reported to the federal government were understated by \$5,975.

The center should implement review procedures to ensure federal reports are supported by its accounting records.

Recommendation #16

We recommend the Helena Vocational-Technical Center implement review procedures to ensure the federal financial aid reports are supported by accounting records.

Helena Vo-Tech Center

Findings and Recommendations

Control Weaknesses

The center's responsibilities include establishing and maintaining adequate systems of accounting and administrative control. The objectives of a system of control are to provide management with reasonable assurance that use of state assets is consistent with laws, regulations, and policies; and reliable data is obtained, maintained, and fairly disclosed in management reports. Because of inherent limitations in any system of control, errors or irregularities may occur and not be detected. However, a good system of control reduces the risk of such errors or irregularities. During our audit we noticed the following control weaknesses.

Inventory Controls

During our review of the center's system of control related to merchandise inventory, we noted an inadequate segregation of duties within the bookstore and automotive resale operations. The manager at each resale operation is responsible for ordering, monitoring, counting and recording merchandise inventory. Business office personnel do not perform independent checks on inventory balances. Good internal control practices dictate that separate responsibility and control be assigned for the custody and record keeping functions related to inventory.

Center personnel stated they were not aware of any problems relating to the segregation of duties over resale inventory. The lack of segregation between custody of assets and taking inventory increases the possibility of undetected loss or theft of inventory.

Recommendation #17

We recommend the Helena Vocational-Technical Center establish adequate control over merchandise inventory.

Helena Vo-Tech Center Findings and Recommendations

Collection Controls

During our review of the center's controls related to collections, we noted an inadequate segregation of duties within the bookstore. The bookstore manager has access to the computerized sales system, collects moneys, and reconciles the collections to the sales system. The bookstore manager also reconciles the sales summary generated by the computerized sales system to the collections. Good internal control practices and state policy dictate that responsibility be segregated for the custody, record-keeping, and reconciliation functions related to collections.

By segregating the custody of receipts and the reconciliation with the records, the center could increase the possibility of preventing loss or theft of moneys. Business office personnel stated they were not aware of problems relating to the segregation of duties over bookstore collections.

Recommendation #18

We recommend the Helena Vocational-Technical Center implement controls to ensure proper segregation of duties over collections.

Electronic Data Processing Controls

Access controls are safeguards designed to ensure the integrity of computer generated data. Access controls include controls established by the center, as well as those governed by the state's mainframe computer security software, ACF2. The state requires a user identification number (ID) in order to access the on-line edit and entry system to input information electronically on the Statewide Budgeting and Accounting System (SBAS). This control limits the access to authorized users. The ID system ensures the same person can not enter and approve the same document.

Helena Vo-Tech Center

Findings and Recommendations

While testing access controls at the center, we noted a supervisory employee responsible for approving accounting transactions was authorized two IDs for several months. By allowing two IDs an employee has the ability to use one ID to input information and use the other ID to approve the same information. The state specifically established a control in the on-line edit and entry system so that one individual could not enter and approve a transfer warrant claim. However, an employee with two IDs has the ability to circumvent this control.

This control allows for an independent review and approval of the transaction. However, since the employee could have approved transactions he prepared, errors and irregularities may not have been detected. Center personnel stated the employee did not use the ID, but temporary employees used the ID. The center should implement controls to ensure center employees do not have the ability to input and approve their own work.

Recommendation #19

We recommend the Helena Vocational-Technical Center implement controls to ensure employees are not given more than one computer access ID.

Accounting Records

Financial information of the center is used by center officials, the Board of Regents, and legislators to manage and establish funding levels for the center. The center uses SBAS to record its financial activity. Section 17-1-102(5), MCA, indicates "all state agencies. . . shall input all necessary transactions to the accounting system. . . before the accounts are closed at the end of the fiscal year in order to present the receipt, use, and disposition of all money and property for which the agency is accountable in accordance with generally accepted accounting principles (GAAP)."

Helena Vo-Tech Center Findings and Recommendations

Expenditures Recorded in the Proper Fiscal Year

State policy allows expenditures to be charged to an appropriation if they are a valid obligation of the fiscal year for which the appropriation is available. An expenditure is a valid obligation in the period incurred or if there is a outstanding purchase order at fiscal year-end.

The center incurred expenditures for air conditioner repair and data processing supplies which were valid obligations of its fiscal year 1990-91 budget. The center initially recorded these expenditures correctly as fiscal year 1990-91 expenditures.

Later in the year center officials adjusted \$10,632 of these expenditures and charged them to its 1989-90 appropriation. Center personnel believe the air conditioner repair and data processing supplies are fiscal year 1989-90 expenditures. However, after reviewing the air conditioning repair purchase order and invoices and the purchase order for data processing supplies, which all occurred in fiscal year 1990-91, we determined neither of these items were chargeable to unspent fiscal year 1989-90 appropriations. We found no justification for transferring the expenditures to that year.

Recommendation #20

We recommend the Helena Vocational-Technical Center record expenditures in the proper year in accordance with state law and policy.

Cash Management

The center requests cash advances through an electronic funds transfer system from the U.S. Department of Education to finance its student financial aid disbursements. The amount of federal cash requested is an estimate based on anticipated financial aid payments to students. Because the center does not

Helena Vo-Tech Center

Findings and Recommendations

request federal funds soon enough, it must borrow from other funds to make its financial aid disbursements.

We noted two instances where the center borrowed \$55,000 and \$77,000 from the bookstore to pay for its student financial aid disbursements. The loans were repaid within two weeks. Section 17-2-107, MCA, states "When an expenditure from a fund or subfund. . .is necessary and the cash balance in the fund or subfund. . .is insufficient, the Commissioner of Higher Education (CHE) may authorize a temporary loan, bearing interest. . ." The center recorded an accounts receivable and accounts payable rather than treating this transaction as an inter-entity loan. The center did not obtain authorization from the CHE.

Center personnel indicated they requested federal funds, but did not receive the funds before the financial aid was disbursed to the students. Center personnel stated they borrowed state funds from the bookstore to avoid a negative cash balance in the financial aid accounts. For proper cash management, the center should plan for, and monitor, financial aid disbursements for the purpose of estimating cash needs. Also, if an inter-entity loan is needed, the center should request CHE approval as required by state law.

Recommendation #21

We recommend the Helena Vocational-Technical Center:

- A. Request and deposit federal funds prior to disbursing student financial aid.**
- B. Obtain authorization for inter-entity loans in accordance with state law.**

Helena Vo-Tech Center Findings and Recommendations

Other Accounting Issues

During our audit of the center's records we noted several other accounting transactions which were not in compliance with state accounting policy. Some of the misstatements and misclassifications we noted are listed below. Other errors were discussed with management and are not listed in this report. In our previous audit report we recommended the center establish procedures, such as timely review of the monthly SBAS reports, to ensure financial activity is recorded properly.

- The center records state work-study funds in the Restricted Subfund resulting in \$2,300 and \$1,200 misstatements of revenues and expenditures in fiscal year 1989-90 and 1990-91, respectively. State law defines the Restricted Subfund as a subfund that segregates financial resources that can be expended for purposes imposed by sources external to the Board of Regents and the Legislature. Since the restrictions on the use of state work-study funds was imposed by the legislature it should be recorded in the Current Unrestricted Fund.
- The center began paving a parking lot in fiscal year 1989-90, and completed it in the following year. The project cost was \$95,482. The center recorded the parking lot paving project at \$88,959 in its Plant Fund, which understated capitol improvements by \$6,523.
- At the end of fiscal year 1990-91, the center recorded an inventory adjustment of \$120,453 which should have been recorded as \$1,205. As a result, nonbudgeted expenditures are overstated and inventory is understated by \$119,248. This misstatement resulted in a qualification on the centers' financial schedules as noted on page 98.
- In fiscal year 1989-90 the center corrected a misstatement from fiscal year 1986-87 using prior year non-budgeted expenditures. State policy defines prior year nonbudgeted expenditures as expenditure adjustments to the previous year. The center should have recorded a fund balance adjustment for this correction. Prior year nonbudgeted expenditures in the Restricted Subfund are overstated by \$29,924, and July 1, 1989 fund balance is understated by the same amount.

Helena Vo-Tech Center

Findings and Recommendations

- The center recorded the federal portion of CWS expenditures as consulting services rather than personal services. The center is the employer of work-study students; therefore, expenditures should be recorded as personal services. In the Restricted Subfund, operating expenses are overstated and personal services are understated by \$10,475 and \$6,304 in fiscal years 1989-90 and 1990-91, respectively.
- On July 25, 1991 center personnel initiated a journal voucher to correct an expenditure code. The document was intended for fiscal year 1990-91, but was accidentally coded as fiscal year 1991-92. The document was not accepted by the computer system and was put into a suspense file. The center did not discover the document in the suspense file until November 6, 1991.

Center personnel involved with the accounting functions cited several reasons for the misstatements and misclassifications, including human error. In some cases they were not aware of state accounting policies. Without all financial activity properly recorded on the state's accounting records, the quality, consistency, and comparability of the resulting financial information is affected.

Recommendation #22

We recommend the Helena Vocational-Technical Center ensure financial activity is properly recorded on SBAS in accordance with state law and policy.

Management Controls

Primary functions of management include organizing, directing, and controlling the activities of the center in order to accomplish its objectives. The methods management adopts to carry out these functions constitutes the management control system. The previous report sections, on pages 43 through 52, discuss areas where management could improve its direction and control of staff activities.

Helena Vo-Tech Center Findings and Recommendations

Many of the problems we noted occurred because center personnel did not have adequate training regarding laws and accounting policies. Key accounting personnel did not adequately review transactions recorded on the state's accounting records. The recommendations made in the previous report sections, if implemented, would improve the center's operations. In addition to these recommendations, we noted a need for increased awareness and knowledge by management in order to ensure management controls are adequate. Some additional steps management should consider taking to further improve operations include:

1. Providing additional training to its employees.
2. Providing more supervision and review of its employees' work.

Recommendation #23

We recommend the Helena Vocational-Technical Center:

- A. Provide training to key personnel to enhance compliance with state accounting and control policies.
- B. Adequately supervise and review center personnel's work to ensure errors are minimized and detected in a timely manner.

Missoula Vocational-Technical Center

Missoula Vocational-Technical Center

Prior Audit Recommendations

Prior Audit Recommendations

Our office performed the Missoula Vocational-Technical Center audit for the two fiscal years ended June 30, 1989. The prior audit report contained one recommendation to the Commissioner of Higher Education and four recommendations to the center. The Commissioner of Higher Education concurred with and implemented the recommendation. The center concurred with all four prior audit recommendations. The center implemented two and partially implemented two of the prior recommendations. Recommendations not fully implemented deal with consulting services and interdepartmental eliminations. These issues are again addressed in this report on pages 57 and 58.

Missoula Vocational-Technical Center

Findings and Recommendations

Preface

In addition to the following findings and recommendations, there are central issues related to the center addressed on pages 8 and 12 of this report.

State Compliance

During our audit we tested compliance with certain state laws and policies related to the operation of the center. We noted the following instances where the center did not comply with provisions of state laws and policies.

Consulting Services

The center hires teaching consultants for the respiratory therapy and legal assistant programs. In our prior audit report we noted the center did not follow state law regarding the selection and use of consultants. The center began issuing contracts in fiscal year 1991-92 for these consultants. We reviewed these contracts and the selection procedures. We determined the center complied with all but one requirement of state law.

Section 18-1-118, MCA, states "Money may not be spent by a state agency under a contract with a nonstate entity unless the contract contains a provision that allows the legislative auditor and the legislative fiscal analyst sufficient access to the records. . ." Center personnel were unaware of this law. Prior to issuing a contract, the center should compare the contracts with current laws and policies to ensure compliance.

Recommendation #24

We recommend the Missoula Vocational-Technical Center comply with state law and policy regarding access to contractor records.

Missoula Vo-Tech Center Findings and Recommendations

Excess Millage

At fiscal year-end 1988-89, the center had \$9,089 of unspent additional millage belonging to the school district. The center is currently holding these funds. State law requires that after July 1, 1989, any unexpended additional millage must be returned to the school district that requested the additional funding.

Center personnel stated the money would be returned to the school district upon resolution of the outstanding property issue (see Disclosure Issue on page 60). The center should return the money to the school district as required by state law.

Recommendation #25

We recommend the Missoula Vocational-Technical Center return the excess additional millage to the school district as required by state law.

Accounting Issues

Section 17-1-102(4), MCA, requires state agencies to follow generally accepted accounting principles (GAAP). In addition, the Department of Administration, Accounting and Management Support Division establishes state accounting policy as outlined in the Montana Operations Manual (MOM). We noted the following accounting issues where the center did not follow state law and policies.

Interdepartmental Eliminations

The center has established recharge operations for duplicating services, computer services and central stores. A recharge operation allows a central department to provide goods and services to other departments on a cost-reimbursable basis. For example, central stores purchases supplies then sells the supplies to the various center departments.

Missoula Vo-Tech Center Findings and Recommendations

Each recharge operation records purchases each month and bills them at month end. The recharge center records revenue collected from the various departments billed. At the same time the individual departments record expenditures for the amount paid to the recharge center. The recharge center also records expenditures for its operating costs.

In our previous audit report, we noted the center did not eliminate the revenues and expenditures recorded in the recharge center as required by state law. During fiscal year 1989-90 and 1990-91 the center attempted to eliminate these revenues and expenditures, but did not eliminate them properly. By not correctly making the adjustment, revenues and expenditures are misstated as follows:

	Over (under) Stated	
	Fiscal Year	Fiscal Year
	1989-90	1990-91
Budgeted Revenue	\$(100,718)	\$ 0
Nonbudgeted Revenue	201,435	96,396
Budgeted Expenditures	(95,495)	0
Nonbudgeted Expenditures	196,213	96,396

The center should obtain guidance from the Commissioner of Higher Education's office or Department of Administration for the proper accounting procedures to record its interdepartmental eliminations. This misstatement resulted in a qualification on the center's financial schedules as noted on page 109.

Recommendation #26

We recommend the Missoula Vocational-Technical Center properly record interdepartmental eliminations in compliance with state law and policy.

Missoula Vocational-Technical Center

Disclosure Issue

Property Ownership

At June 30, 1991, the center had fixed assets of \$6,652,557 recorded on its accounting records which included \$1,009,640 in land, \$2,842,232 in buildings, \$2,381,529 in equipment, and \$419,156 in library books and other fixed assets. Due to the change in governance discussed on page 2, questions continue to exist concerning ownership of the land, buildings and equipment used by the center.

As noted in the prior audit report, center personnel have concerns about the ownership of three property, plant and equipment items. These items include: a) a building referred to as Building B, which was appraised in fiscal year 1987-88 for insurance purposes at \$1,051,508; b) a piece of land referred to as the Homevale Addition with a value estimated between \$145,000 and \$405,000; and c) computer center equipment with a historical cost of \$367,363. The center does not include Building B and the Homevale Addition on its accounting records. The Missoula County High School and the center both have ownership interest in the above items.

Circumstances surrounding the acquisition of these items are complex, and it is unclear who has title. Center personnel and CHE officials are in the process of negotiating ownership of these assets. We present this information for disclosure purposes only and make no recommendation at this time pending resolution of the negotiations. When property ownership issues are resolved, all property the center owns should be recorded on the center's accounting records.

Independent Auditor's Reports & Centers' Financial Schedules

Billings

Independent Auditor's Report & Billings Vo-Tech Financial Schedules

Billings Vocational-Technical Center

Summary of Independent Auditor's Report

Summary of Independent Auditor's Report

The financial schedules presented on pages 66 through 72 are prepared from the Statewide Budgeting and Accounting System without adjustments. The independent auditor's report issued on the financial schedules is intended to convey to the reader the degree of reliance which can be placed on the amounts presented. The unqualified opinion on the financial schedules indicates the schedules are fairly stated in all material respects and the reader can rely on the reasonableness of the information presented on these schedules.



STATE OF MONTANA
Office of the Legislative Auditor

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Financial-Compliance Audit
JIM PELLEGRINI
Performance Audit

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the financial schedules of the Billings Vocational-Technical Center for each of the two fiscal years ended June 30, 1990 and 1991, as shown on pages 66 through 72. The information contained in these financial schedules is the responsibility of the center's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than generally accepted accounting principles. The schedules are not intended to be a complete presentation and disclosure of the center's assets and liabilities.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balances of the Billings Vocational-Technical Center for the two fiscal years ended June 30, 1990 and 1991, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

February 12, 1992

BILLINGS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	CURRENT FUND				ENDOWMENT FUND	PLANT FUND	
	Unrestricted Subfund	Restricted Subfund	Designated Subfund	Auxiliary Subfund		Unexpended Subfund	Renewal & Replacement Subfund
FUND BALANCE: July 1, 1989	\$ (56,893)	\$ 6,765	\$ 81,944	\$121,973	\$12,400	\$12,512	\$12,512
ADDITIONS:							
<u>Fiscal Year 1989-1990</u>							
Budgeted Revenue & Transfers In	1,839,042	365,742	83,366	126,475		12,314	12,314
Nonbudgeted Revenue & Transfers In			(17,069)				
Prior Year Revenue Adjustments	6,445	2,882	111	(430)			
<u>Fiscal Year 1990-1991</u>							
Budgeted Revenue & Transfers In	1,860,116	358,647	96,275	126,073		11,928	11,928
Nonbudgeted Revenue & Transfers In			(21,874)				
Prior Year Expenditure Adjustments	(2,983)	7,435	241	22			32
Direct Entries to Fund Balance	501						
Total Additions	<u>3,703,121</u>	<u>734,706</u>	<u>141,050</u>	<u>252,140</u>	<u>0</u>	<u>24,242</u>	<u>24,274</u>
REDUCTIONS:							
<u>Fiscal Year 1989-1990</u>							
Budgeted Expenditures	1,796,347	365,048	113,287	127,063		6,221	7,356
Nonbudgeted Expenditures & Transfers Out	(11,313)		(47,070)	(9,233)			
Prior Year Expenditure Adjustments	(8,158)	2,856	8,909	380			7,650
Nonbudgeted Prior Year Expenditure Adjustments	63,510		(8,939)				
Direct Entries to Fund Balance	58,801	5,074	(2,739)	2,739			
<u>Fiscal Year 1990-1991</u>							
Budgeted Expenditures	1,856,487	358,529	65,373	128,574		18	18
Nonbudgeted Expenditures & Transfers Out	11,558		(8,653)	2,029			
Prior Year Expenditures	(205)						
Prior Year Revenue Adjustments	618	7,435		(118)			
Total Reductions	<u>3,767,645</u>	<u>738,942</u>	<u>120,168</u>	<u>251,434</u>	<u>0</u>	<u>6,239</u>	<u>15,024</u>
FUND BALANCE: June 30, 1991	\$ (121,417)	\$ 2,529	\$102,826	\$122,679	\$12,400	\$30,515	\$21,762

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 70 through 72.

BILLINGS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED REVENUE AND TRANSFERS IN - ESTIMATE AND ACTUAL
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	Charges for Services	Investment Earnings	Sale of Documents, Merchandise & Property	Rentals, Leases & Royalties	Miscellaneous	Grants, Contracts, Donations & Abandonments	Other Financing Sources	Federal	No Revenue Class Budgeted ¹	Total
Fiscal Year 1990-91										
CURRENT FUND:										
Unrestricted Subfund										
Estimate	\$340,000			\$4,000	\$ 3,302		\$1,414,450	\$145,871		\$1,907,623
Actual	<u>293,725</u>			<u>3,245</u>	<u>2,825</u>		<u>1,414,450</u>	<u>145,871</u>		<u>1,860,116</u>
Collections Over(under) Estimate	<u>\$(46,275)</u>			<u>\$(755)</u>	<u>\$(477)</u>		<u>\$ 0</u>	<u>\$ 0</u>		<u>\$(47,507)</u>
Restricted Subfund										
Estimate		\$1,300				\$2,000		\$357,030	\$ 18,749	\$ 379,079
Actual		<u>1,119</u>				<u>3,851</u>		<u>353,677</u>	<u>0</u>	<u>358,647</u>
Collections Over(under) Estimate		<u>\$(181)</u>				<u>\$1,851</u>		<u>\$(3,353)</u>	<u>\$(18,749)</u>	<u>\$(20,432)</u>
Designated Subfund										
Estimate	\$ 27,500		\$ 70,850			\$4,892			\$ 3,000	\$ 106,242
Actual	<u>27,687</u>		<u>64,212</u>			<u>4,376</u>			<u>0</u>	<u>96,275</u>
Collections Over(under) Estimate	<u>\$ 187</u>		<u>\$(6,638)</u>			<u>\$(516)</u>			<u>\$(3,000)</u>	<u>\$(9,967)</u>
Auxiliary Subfund										
Estimate			\$131,020							\$ 131,020
Actual			<u>126,073</u>							<u>126,073</u>
Collections Over(under) Estimate			<u>\$(4,947)</u>							<u>\$(4,947)</u>
PLANT FUND:										
Unexpended Subfund										
Estimate	\$ 13,000									\$ 13,000
Actual	<u>11,928</u>									<u>11,928</u>
Collections Over(under) Estimate	<u>\$(1,072)</u>									<u>\$(1,072)</u>
Renewal & Replacement Subfund										
Estimate	\$ 13,000									\$ 13,000
Actual	<u>11,928</u>									<u>11,928</u>
Collections Over(under) Estimate	<u>\$(1,072)</u>									<u>\$(1,072)</u>
Fiscal Year 1989-90										
CURRENT FUND:										
Unrestricted Subfund										
Estimate	\$340,443			\$2,000	\$ 4,500		\$1,376,110	\$164,859		\$1,887,912
Actual	<u>293,281</u>			<u>1,974</u>	<u>2,818</u>		<u>1,376,110</u>	<u>164,859</u>		<u>1,839,042</u>
Collections Over(under) Estimate	<u>\$(47,162)</u>			<u>\$(26)</u>	<u>\$(1,682)</u>		<u>\$ 0</u>	<u>\$ 0</u>		<u>\$(48,870)</u>
Restricted Subfund										
Estimate		\$1,220				\$ 4,000		\$351,559	\$ 21,567	\$ 378,346
Actual		<u>1,174</u>				<u>5,076</u>		<u>359,492</u>	<u>0</u>	<u>365,742</u>
Collections Over(under) Estimate		<u>\$(46)</u>				<u>\$ 1,076</u>		<u>\$ 7,933</u>	<u>\$(21,567)</u>	<u>\$(12,604)</u>
Designated Subfund										
Estimate	\$ 20,410		\$ 98,702		\$ 0	\$ 5,931			\$ 3,000	\$ 128,043
Actual	<u>21,967</u>		<u>59,519</u>		<u>159</u>	<u>1,721</u>			<u>0</u>	<u>83,366</u>
Collections Over(under) Estimate	<u>\$ 1,557</u>		<u>\$(39,183)</u>		<u>\$ 159</u>	<u>\$(4,210)</u>			<u>\$(3,000)</u>	<u>\$(44,677)</u>
Auxiliary Subfund										
Estimate			\$170,184							\$ 170,184
Actual			<u>126,475</u>							<u>126,475</u>
Collections Over(under) Estimate			<u>\$(43,709)</u>							<u>\$(43,709)</u>
PLANT FUND:										
Unexpended Subfund										
Estimate	\$ 16,500									\$ 16,500
Actual	<u>12,314</u>									<u>12,314</u>
Collections Over(under) Estimate	<u>\$(4,186)</u>									<u>\$(4,186)</u>
Renewal & Replacement Subfund										
Estimate	\$ 16,500									\$ 16,500
Actual	<u>12,314</u>									<u>12,314</u>
Collections Over(under) Estimate	<u>\$(4,186)</u>									<u>\$(4,186)</u>

¹See note 1 on page 70.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 70 through 72.

BILLINGS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES BY OBJECT AND FUND - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1991

	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Plant Operation & Maintenance</u>	<u>Scholarships & Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Recharge Service</u>	<u>Plant Programs</u>	<u>Total</u>
PERSONAL SERVICES										
Salaries	\$ 719,605	\$ 19,808	\$124,505	\$ 99,419	\$ 8		\$ 341			\$ 963,686
Hourly Wages	15,363	13,124	51,619	48,712	64,869		17,007			210,694
Employee Benefits	157,557	4,860	38,434	31,336	15,756		4,309			252,252
Total	<u>892,525</u>	<u>37,792</u>	<u>214,558</u>	<u>179,467</u>	<u>80,633</u>		<u>21,657</u>			<u>1,426,632</u>
OPERATING EXPENSES										
Other Services	12,954	1,205	27,621	8,019	648		762	\$ 439		51,648
Supplies & Materials	55,991	3,580	6,813	2,158	17,498		823	6,814		93,677
Communications	3,536	717	9,219	10,732	1,714		124			26,042
Travel	4,097	436	9,002	5,249			2			18,786
Rent	1,566		269	468	64					2,367
Utilities					88,057					88,057
Repair & Maintenance	8,662		749	1,991	23,635		1,194	6,390		42,621
Other Expenses	3,277	3,603	9,492	2,875	8,249	\$ 2,449	882		\$ 36	30,863
Goods Purchased For Resale	18,926						99,111			118,037
Total	<u>109,009</u>	<u>9,541</u>	<u>63,165</u>	<u>31,492</u>	<u>139,865</u>	<u>2,449</u>	<u>102,898</u>	<u>13,643</u>	<u>36</u>	<u>472,098</u>
EQUIPMENT AND INTANGIBLE ASSETS										
Equipment	52,872	3,110	6,574		33,662		3,923			100,141
Intangible Assets	9,626	90	575				115			10,406
Total	<u>62,498</u>	<u>3,200</u>	<u>7,149</u>		<u>33,662</u>		<u>4,038</u>			<u>110,547</u>
GRANTS										
From Federal Sources						344,509				344,509
Total						<u>344,509</u>				<u>344,509</u>
DEBT SERVICE										
Leases								2,921		2,921
Installment Purchases	39,888				12,404					52,292
Total	<u>39,888</u>				<u>12,404</u>			<u>2,921</u>		<u>55,213</u>
TOTAL PROGRAM EXPENDITURES	\$ 1,103,920	\$ 50,533	\$284,872	\$210,959	\$266,564	\$346,958	\$128,593	\$ 16,564	\$ 36	\$2,408,999
CURRENT FUND:										
Unrestricted Subfund										
Budget	\$ 1,068,522	\$ 44,756	\$293,315	\$214,836	\$286,399					\$1,907,828
Actual	<u>1,061,696</u>	<u>42,219</u>	<u>279,774</u>	<u>209,862</u>	<u>262,936</u>					<u>1,856,487</u>
Unspent Budget Authority	<u>\$ 6,826</u>	<u>\$ 2,537</u>	<u>\$ 13,541</u>	<u>\$ 4,974</u>	<u>\$ 23,463</u>					<u>\$ 51,341</u>
Restricted Subfund										
Budget		\$ 5,500	\$ 3,000	\$ 1,650	\$ 3,422	\$366,267	\$ 390			\$ 380,229
Actual		<u>5,118</u>	<u>2,891</u>	<u>1,097</u>	<u>2,446</u>	<u>346,958</u>	<u>19</u>			<u>358,529</u>
Unspent Budget Authority		<u>\$ 382</u>	<u>\$ 109</u>	<u>\$ 553</u>	<u>\$ 976</u>	<u>\$ 19,309</u>	<u>\$ 371</u>			<u>\$ 21,700</u>
Designated Subfund										
Budget	\$ 70,500	\$ 3,931	\$ 4,000		\$ 2,000			\$ 22,000		\$ 102,431
Actual	<u>42,224</u>	<u>3,196</u>	<u>2,207</u>		<u>1,182</u>			<u>16,564</u>		<u>65,373</u>
Unspent Budget Authority	<u>\$ 28,276</u>	<u>\$ 735</u>	<u>\$ 1,793</u>		<u>\$ 818</u>			<u>\$ 5,436</u>		<u>\$ 37,058</u>
Auxiliary Subfund										
Budget							\$138,000			\$ 138,000
Actual							<u>128,574</u>			<u>128,574</u>
Unspent Budget Authority							<u>\$ 9,426</u>			<u>\$ 9,426</u>
PLANT FUND:										
Unexpended Subfund										
Budget								\$ 13,000		\$ 13,000
Actual								<u>18</u>		<u>18</u>
Unspent Budget Authority								<u>\$ 12,982</u>		<u>\$ 12,982</u>
Renewal & Replacement Subfund										
Budget								\$ 13,000		\$ 13,000
Actual								<u>18</u>		<u>18</u>
Unspent Budget Authority								<u>\$ 12,982</u>		<u>\$ 12,982</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 70 through 72.

BILLINGS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES BY OBJECT AND FUND - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 199D

	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Plant Operation & Maintenance</u>	<u>Scholarships & Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Recharge Service</u>	<u>Plant Programs</u>	<u>Total</u>
PERSONAL SERVICES										
Salaries	\$ 758,260	\$32,063	\$141,210	\$188,288	\$ 49,726		\$ 10,955			\$1,180,502
Hourly Wages	6,422	3,681	17,628	10,998	21,288		5,268			65,285
Employee Benefits	161,050	9,386	33,875	39,777	17,927		3,960			265,975
Total	<u>925,732</u>	<u>45,130</u>	<u>192,713</u>	<u>239,063</u>	<u>88,941</u>		<u>20,183</u>			<u>1,511,762</u>
OPERATING EXPENSES										
Other Services	11,259	875	29,882	32,440	1,932		128	\$ 623	\$ 1,016	78,155
Supplies & Materials	39,004	338	4,433	2,779	8,320		3,063	3,620	586	62,143
Communications	420	76	11,599	10,471	1,246		340	20	328	24,500
Travel	2,178	384	4,501	7,813	33					14,909
Rent	1,553	45	689	117	108					2,512
Utilities					79,529					79,529
Repair & Maintenance	5,665	141	651	938	5,073		389	1,669	1,173	15,699
Other Expenses	832	3,300	4,259	5,630	31,367	\$ 2,646	863	4		48,901
Goods Purchased For Resale	48,583		13				102,584			151,180
Total	<u>109,494</u>	<u>5,159</u>	<u>56,027</u>	<u>60,188</u>	<u>127,608</u>	<u>2,646</u>	<u>107,367</u>	<u>5,936</u>	<u>3,103</u>	<u>477,528</u>
EQUIPMENT AND INTANGIBLE ASSETS										
Equipment	50,129	2,572	687		326				3,913	57,627
Intangible Assets	6,994			75						7,069
Total	<u>57,123</u>	<u>2,572</u>	<u>687</u>	<u>75</u>	<u>326</u>				<u>3,913</u>	<u>64,696</u>
CAPITAL OUTLAY										
Buildings									1,210	1,210
Total									<u>1,210</u>	<u>1,210</u>
GRANTS										
From Federal Sources						354,775				354,775
Total						<u>354,775</u>				<u>354,775</u>
DEBT SERVICE										
Installment Purchases									5,351	5,351
Total									<u>5,351</u>	<u>5,351</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,092,349</u>	<u>\$52,861</u>	<u>\$249,427</u>	<u>\$299,326</u>	<u>\$216,875</u>	<u>\$357,421</u>	<u>\$127,550</u>	<u>\$ 5,936</u>	<u>\$13,577</u>	<u>\$2,415,322</u>
CURRENT FUND:										
Unrestricted Subfund										
Budget	\$1,050,410	\$53,331	\$252,035	\$305,364	\$226,772					\$1,887,912
Actual	987,456	52,630	244,779	298,453	213,029					1,796,347
Unspent Budget Authority	<u>\$ 62,954</u>	<u>\$ 701</u>	<u>\$ 7,256</u>	<u>\$ 6,911</u>	<u>\$ 13,743</u>					<u>\$ 91,565</u>
Restricted Subfund										
Budget	\$ 1,500	\$ 235	\$ 2,000	\$ 1,000	\$ 6,374	\$378,957	\$ 500			\$ 390,566
Actual	1,349	231	1,685	873	3,002	357,421	487			365,048
Unspent Budget Authority	<u>\$ 151</u>	<u>\$ 4</u>	<u>\$ 315</u>	<u>\$ 127</u>	<u>\$ 3,372</u>	<u>\$ 21,536</u>	<u>\$ 13</u>			<u>\$ 25,518</u>
Designated Subfund										
Budget	\$ 126,335		\$ 4,710		\$ 2,000			\$15,000		\$ 148,045
Actual	103,544		2,963		844			5,936		113,287
Unspent Budget Authority	<u>\$ 22,791</u>		<u>\$ 1,747</u>		<u>\$ 1,156</u>			<u>\$ 9,064</u>		<u>\$ 34,758</u>
Auxiliary Subfund										
Budget							\$159,946			\$ 159,946
Actual							127,063			127,063
Unspent Budget Authority							<u>\$ 32,883</u>			<u>\$ 32,883</u>
PLANT FUND:										
Unexpended Subfund										
Budget								\$15,000		\$ 15,000
Actual								6,221		6,221
Unspent Budget Authority								<u>\$ 8,779</u>		<u>\$ 8,779</u>
Renewal & Replacement Subfund										
Budget								\$20,000		\$ 20,000
Actual								7,356		7,356
Unspent Budget Authority								<u>\$12,644</u>		<u>\$ 12,644</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 70 through 72.

Billings Vocational-Technical Center

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 1991

Summary of Significant Accounting Policies

Basis of Accounting

The Billings Vocational-Technical Center uses the accrual basis of accounting except for depreciation accounting for its funds. Under the accrual basis as defined by state accounting policy, the center records revenues in the accounting period earned, if measurable; it records expenses in the period incurred, if measurable.

Expenditures and expenses may include entire budgeted service contracts even though the center received the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules were prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments. Accounts are organized in funds according to state law. The center uses the following funds.

Current Fund

Includes economic resources expendable for instruction, research, public service, and the allied support operations and programs. The financial activities of the Current Fund are subdivided into the four following subfunds.

Unrestricted - funds for general operations which are free of restrictions, except those imposed by the legislature.

Restricted - funds for financing general operations for purposes imposed by sources external to the Board of Regents and the legislature, such as the student financial aid programs.

Notes to the Financial Schedules

Designated - funds for general operations which have been internally restricted, such as recharge operations, instructional material fees, and student government. This fund is separately classified in order to distinguish the specific type of service being provided to various departments and is supported by internal charges to user departments.

Auxiliary - funds for providing goods and services primarily to students, faculty, or staff through a fee charged the consumer which is directly related to, but does not necessarily equal, the cost of the goods or services provided. The revenues are derived directly from the auxiliary bookstore and snack bar operations.

Endowment Fund

Income from endowments have to be used for the purpose specified by the donor.

Plant Fund

Accounts for financial resources allocated for capital outlay purposes or to retire long-term debts associated with construction or acquisition of fixed assets. The Unexpended Subfund accounts for unexpended resources from various sources to finance the acquisition of long-lived assets. The Renewal & Replacement Subfund accounts for the funds needed to provide for the renewal and replacement of Plant Fund assets.

The Investment in Plant Subfund accounts for all long-lived assets in the service of the center as well as associated liabilities. This subfund is not presented on the financial schedules.

Revenue Classifications

Charges for Services - tuition and fee revenue is included in this revenue classification.

Other Financing Sources - the majority of this revenue classification is General Fund transfers and mill levies.

No Budgeted Revenue Class- several revenue estimates were not classified within a revenue classification.

Vacation and Sick Leave

Qualifying classified and administrative employees at the center accumulate both annual and sick leave. The center pays employees 100 percent of unused annual leave. Classified employees are paid 25 percent of unused sick leave upon termination. Teachers and administrators, upon termination, are paid 50 percent for unused accumulated sick leave earned prior to July 1, 1989, and 25 percent for sick leave earned after June 30, 1989. The center absorbs expenditures for termination pay in its annual operational costs. At June 30, 1990 and at June 30, 1991, the center had a liability of \$111,802 and \$123,054, respectively, which contributes to the negative fund balance in the Unrestricted Subfund.

Carl Perkins

The Office of the Commissioner of Higher Education (CHE) subgranted federal Carl Perkins funds of \$164,859 and \$145,871 to the center for fiscal year 1989-90 and 1990-91, respectively. The center recorded these funds as federal revenue in the Unrestricted Subfund.

Effective fiscal year 1991-92 the Carl Perkins funds are recorded in the Restricted Subfund.

Butte

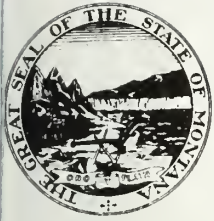
Independent Auditor's Report & Butte Vo-Tech Financial Schedules

Butte Vocational-Technical Center

Summary of Independent Auditor's Report

Summary of Independent Auditor's Report

The financial schedules presented on pages 77 through 83 are prepared from the Statewide Budgeting and Accounting System without adjustments. The independent auditor's report issued on the financial schedules is intended to convey to the reader the degree of reliance which can be placed on the amounts presented. The unqualified opinion on the financial schedules indicates the schedules are fairly stated in all material respects and the reader can rely on the reasonableness of the information presented on these schedules.



STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLETT
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the financial schedules of the Butte Vocational-Technical Center for each of the two fiscal years ended June 30, 1990 and 1991, as shown on pages 77 through 83. The information contained in these financial schedules is the responsibility of the center's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than generally accepted accounting principles. The schedules are not intended to be a complete presentation and disclosure of the center's assets and liabilities.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balances of the Butte Vocational-Technical Center for the two fiscal years ended June 30, 1990 and 1991, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

February 12, 1992

BUTTE VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	CURRENT FUND				PLANT FUND
	Unrestricted Subfund	Restricted Subfund	Designated Subfund	Auxiliary Subfund	Unexpended Subfund
FUND BALANCE: July 1, 1989	\$ <u>(132,039)</u>	\$ <u>9,499</u>	\$ <u>6,941</u>	\$ <u>61,688</u>	\$ <u>22,661</u>
ADDITIONS:					
<u>Fiscal Year 1989-1990</u>					
Budgeted Revenue & Transfers In	1,631,604	380,122	11,408	74,058	17,922
Prior Year Revenue Adjustments	(15,528)				
<u>Fiscal Year 1990-1991</u>					
Budgeted Revenue & Transfers In	1,667,833	413,398	9,695	105,854	19,701
Total Additions	<u>3,283,909</u>	<u>793,520</u>	<u>21,103</u>	<u>179,912</u>	<u>37,623</u>
REDUCTIONS:					
<u>Fiscal Year 1989-1990</u>					
Budgeted Expenditures	1,631,800	397,469	16,566	92,908	30,659
Nonbudgeted Expenditures & Transfers Out	33,215			7,904	
Prior Year Expenditure Adjustments	(975)	(104)			
Nonbudgeted Prior Year Expenditure Adjustments	101,192				
<u>Fiscal Year 1990-1991</u>					
Budgeted Expenditures	1,664,374	422,947	9,827	112,000	
Nonbudgeted Expenditures & Transfers Out				2,214	
Prior Year Expenditure Adjustments	(360)				
Direct Entries to Fund Balance		(3,734)			
Total Reductions	<u>3,429,246</u>	<u>816,578</u>	<u>26,393</u>	<u>215,026</u>	<u>30,659</u>
FUND BALANCE: June 30, 1991	\$ <u>(277,376)</u> ¹	\$ <u>(13,559)</u> ¹	\$ <u>1,651</u>	\$ <u>26,574</u>	\$ <u>29,625</u>

¹See note 5 on page 83.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 81 through 83.

BUTTE VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED REVENUE AND TRANSFERS IN - ESTIMATE AND ACTUAL
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	<u>Charges for Services</u>	<u>Sale of Documents, Merchandise, and Property</u>	<u>Miscellaneous</u>	<u>Grants, Contracts, Donations & Abandonments</u>	<u>Other Financing Sources</u>	<u>Federal</u>	<u>Total</u>
<u>Fiscal Year 1990-91</u>							
<u>CURRENT FUND:</u>							
Unrestricted Subfund							
Estimate	\$328,657		\$10,000		\$1,280,506	\$135,846	\$1,755,009
Actual	<u>247,276</u>		<u>4,205</u>		<u>1,280,506</u>	<u>135,846</u>	<u>1,667,833</u>
Collections Over (Under) Estimate	<u>\$(81,381)</u>		<u>\$(5,795)</u>		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(87,176)</u>
Restricted Subfund							
Estimate	\$ 2,000			\$ 82,020		\$472,376	\$ 556,396
Actual	<u>0</u>			<u>28,580</u>		<u>384,818</u>	<u>413,398</u>
Collections Over (Under) Estimate	<u>\$(2,000)</u>			<u>\$(53,440)</u>		<u>\$(87,558)</u>	<u>\$(142,998)</u>
Designated Subfund							
Estimate	\$ 8,094	\$ 8,000		\$ 5,596			\$ 21,690
Actual	<u>2,382</u>	<u>3,764</u>		<u>3,549</u>			<u>9,695</u>
Collections Over (Under) Estimate	<u>\$(5,712)</u>	<u>\$(4,236)</u>		<u>\$(2,047)</u>			<u>\$(11,995)</u>
Auxiliary Subfund							
Estimate		\$160,000					\$ 160,000
Actual		<u>105,854</u>					<u>105,854</u>
Collections Over (Under) Estimate		<u>\$(54,146)</u>					<u>\$(54,146)</u>
<u>PLANT FUND:</u>							
Unexpended Subfund							
Estimate	\$ 40,000						\$ 40,000
Actual	<u>19,701</u>						<u>19,701</u>
Collections Over (Under) Estimate	<u>\$(20,299)</u>						<u>\$(20,299)</u>
<u>Fiscal Year 1989-90</u>							
<u>CURRENT FUND:</u>							
Unrestricted Subfund							
Estimate	\$323,657				\$1,259,950	\$ 137,995	\$1,721,602
Actual	<u>233,659</u>				<u>1,259,950</u>	<u>137,995</u>	<u>1,631,604</u>
Collections Over(under) Estimate	<u>\$(89,998)</u>				<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(89,998)</u>
Restricted Subfund							
Estimate	\$ 1,250			\$ 18,519		\$ 997,250	\$1,017,019
Actual	<u>1,310</u>			<u>7,428</u>		<u>371,384</u>	<u>380,122</u>
Collections Over(under) Estimate	<u>\$ 60</u>			<u>\$(11,091)</u>		<u>\$(625,866)</u> ¹	<u>\$(636,897)</u>
Designated Subfund							
Estimate	\$ 13,200	\$ 4,200		\$ 5,596			\$ 22,996
Actual	<u>6,738</u>	<u>1,644</u>		<u>3,026</u>			<u>11,408</u>
Collections Over(under) Estimate	<u>\$(6,462)</u>	<u>\$(2,556)</u>		<u>\$(2,570)</u>			<u>\$(11,588)</u>
Auxiliary Subfund							
Estimate		\$140,000					\$ 140,000
Actual		<u>74,058</u>					<u>74,058</u>
Collections Over(under) Estimate		<u>\$(65,942)</u>					<u>\$(65,942)</u>
<u>PLANT FUND:</u>							
Unexpended Subfund							
Estimate	\$ 50,000						\$ 50,000
Actual	<u>17,922</u>						<u>17,922</u>
Collections Over(under) Estimate	<u>\$(32,078)</u>						<u>\$(32,078)</u>

¹See note 4 on page 83.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 81 through 83.

BUTTE VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES BY OBJECT AND FUND - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1991

	<u>Instruction</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Plant Operation & Maintenance</u>	<u>Scholarships & Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Plant Programs</u>	<u>Total</u>
PERSONAL SERVICES										
Salaries	\$690,953		\$ 77,246	\$132,107	\$112,193	\$ 89,038		\$ 35,259		\$1,136,796
Hourly Wages	25,136			3,237		5,738	\$ 31,933			66,044
Employee Benefits	165,263		16,761	30,931	23,995	28,409	567	9,195		275,121
Total	<u>881,352</u>		<u>94,007</u>	<u>166,275</u>	<u>136,188</u>	<u>123,185</u>	<u>32,500</u>	<u>44,454</u>		<u>1,477,961</u>
OPERATING EXPENSES										
Other Services	5,250		842	20,500	3,151	1,743		820		32,306
Supplies & Materials	19,768	\$ 512	6,640	4,982	2,747	15,974		374		50,997
Communications	746		412	15,384	1,462	9,559		316		27,879
Travel	1,475		4,077	608	5,249	57				11,466
Rent	30									30
Utilities				3		63,818				63,821
Repair & Maintenance	21,226		1,132	2,133	2,685	13,683		447		41,306
Other Expenses	5,124	1,758	3,891	2,444	2,883	8		41		16,149
Goods Purchased For Resale					15			65,151		65,166
Total	<u>53,619</u>	<u>2,270</u>	<u>16,994</u>	<u>46,054</u>	<u>18,192</u>	<u>104,842</u>		<u>67,149</u>		<u>309,120</u>
EQUIPMENT AND INTANGIBLE ASSET										
Equipment	17,881		6,109			10,484		397		34,871
Intangible Assets	1,986									1,986
Total	<u>19,867</u>		<u>6,109</u>			<u>10,484</u>		<u>397</u>		<u>36,857</u>
GRANTS										
From State Sources							4,519			4,519
From Federal Sources							351,533			351,533
From Other Sources							2,749			2,749
Total							<u>358,801</u>			<u>358,801</u>
DEBT SERVICE										
Leases	24,797				1,612					26,409
Total	<u>24,797</u>				<u>1,612</u>					<u>26,409</u>
TOTAL PROGRAM EXPENDITURES	<u>\$979,635</u>	<u>\$ 2,270</u>	<u>\$117,110</u>	<u>\$212,329</u>	<u>\$155,992</u>	<u>\$238,511</u>	<u>\$391,301</u>	<u>\$112,000</u>	<u>\$ 0</u>	<u>\$2,209,148</u>
CURRENT FUND:										
Unrestricted Subfund										
Budget	\$959,333		\$141,505	\$235,971	\$168,424	\$234,776				\$1,740,009
Actual	947,180		117,110	210,132	155,992	233,960				1,664,374
Unspent Budget Authority	<u>\$ 12,153</u>		<u>\$ 24,395</u>	<u>\$ 25,839</u>	<u>\$ 12,432</u>	<u>\$ 816</u>				<u>\$ 75,635</u>
Restricted Subfund										
Budget	\$ 65,908			\$ 16,000		\$ 8,000	\$485,300			\$ 575,208
Actual	28,503			2,142		4,551	387,751			422,947
Unspent Budget Authority	<u>\$ 37,405</u>			<u>\$ 13,858</u>		<u>\$ 3,449</u>	<u>\$ 97,549</u>			<u>\$ 152,261</u>
Designated Subfund										
Budget	\$ 8,000	\$ 6,794		\$ 1,300			\$ 5,596			\$ 21,690
Actual	3,952	2,270		55			3,550			9,827
Unspent Budget Authority	<u>\$ 4,048</u>	<u>\$ 4,524</u>		<u>\$ 1,245</u>			<u>\$ 2,046</u>			<u>\$ 11,863</u>
Auxiliary Subfund										
Budget								\$160,000		\$ 160,000
Actual								112,000		112,000
Unspent Budget Authority								<u>\$ 48,000</u>		<u>\$ 48,000</u>
PLANT FUND:										
Unexpended Subfund										
Budget								\$ 40,000		\$ 40,000
Actual								0		0
Unspent Budget Authority								<u>\$ 40,000</u>		<u>\$ 40,000</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 81 through 83.

BUTTE VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES BY OBJECT AND FUND - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Instruction</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Plant Operation & Maintenance</u>	<u>Scholarships & Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Plant Programs</u>	<u>Total</u>
PERSONAL SERVICES										
Salaries	\$675,375	\$ 675	\$ 72,575	\$145,029	\$ 90,075	\$ 83,447		\$ 17,563		\$1,084,739
Hourly Wages	9,600			2,009		10,672	\$ 28,587			50,868
Employee Benefits	142,443	101	16,723	28,819	20,831	24,827	476	4,182		238,402
Total	<u>827,418</u>	<u>776</u>	<u>89,298</u>	<u>175,857</u>	<u>110,906</u>	<u>118,946</u>	<u>29,063</u>	<u>21,745</u>		<u>1,374,009</u>
OPERATING EXPENSES										
Other Services	2,557	390	7,529	22,737	26,376	1,826		1,315	\$ 1,445	64,175
Supplies & Materials	34,904	2,814	5,686	8,365	5,180	16,009		544	1,839	75,341
Communications	1,197	118	540	14,430	1,295	11,386		1,799		30,765
Travel	2,176	176	6,256	2,251	5,274	90			462	16,685
Rent	30		95	95	95	78				393
Utilities						52,638		5,293	3,931	61,862
Repair & Maintenance	34,484		809	2,405	1,279	13,260			3,278	55,515
Other Expenses	2,607	1,867	1,320	1,685	3,180	28		422	262	11,371
Goods Purchased For Resale								61,790		61,790
Total	<u>77,955</u>	<u>5,365</u>	<u>22,235</u>	<u>51,968</u>	<u>42,679</u>	<u>95,315</u>		<u>71,163</u>	<u>11,217</u>	<u>377,897</u>
EQUIPMENT AND INTANGIBLE ASSETS										
Equipment	42,963		5,219			2,975			19,104	70,261
Intangible Assets									338	338
Total	<u>42,963</u>		<u>5,219</u>			<u>2,975</u>			<u>19,442</u>	<u>70,599</u>
GRANTS										
From State Sources							3,710			3,710
From Federal Sources							331,401			331,401
From Other Sources		50								50
Total		<u>50</u>					<u>335,111</u>			<u>335,161</u>
DEBT SERVICE										
Leases	10,124				1,612					11,736
Total	<u>10,124</u>				<u>1,612</u>					<u>11,736</u>
TOTAL PROGRAM EXPENDITURES	<u>\$958,460</u>	<u>\$6,191</u>	<u>\$116,752</u>	<u>\$227,825</u>	<u>\$155,197</u>	<u>\$217,236</u>	<u>\$364,174</u>	<u>\$ 92,908</u>	<u>\$30,659</u>	<u>\$2,169,402</u>
CURRENT FUND:										
Unrestricted Subfund										
Budget	\$941,653		\$141,506	\$209,180	\$206,553	\$222,201				\$1,721,093
Actual	939,805		116,752	207,723	155,197	212,323				1,631,800
Unspent Budget Authority	<u>\$ 1,848</u>		<u>\$ 24,754</u>	<u>\$ 1,457</u>	<u>\$ 51,356</u>	<u>\$ 9,878</u>				<u>\$ 89,293</u>
Restricted Subfund										
Budget	\$507,500			\$ 19,500		\$ 6,000	\$508,500			\$1,041,500
Actual	15,098			16,310		4,913	361,148			397,469
Unspent Budget Authority	<u>\$492,402¹</u>			<u>\$ 3,190</u>		<u>\$ 1,087</u>	<u>\$147,352</u>			<u>\$ 644,031</u>
Designated Subfund										
Budget	\$ 4,200	\$9,000		\$ 4,200			\$ 5,596			\$ 22,996
Actual	3,557	6,191		3,792			3,026			16,566
Unspent Budget Authority	<u>\$ 643</u>	<u>\$2,809</u>		<u>\$ 408</u>			<u>\$ 2,570</u>			<u>\$ 6,430</u>
Auxiliary Subfund										
Budget								\$140,000		\$ 140,000
Actual								92,908		92,908
Unspent Budget Authority								<u>\$ 47,092</u>		<u>\$ 47,092</u>
PLANT FUND:										
Unexpended Subfund										
Budget								\$50,000		\$ 50,000
Actual								30,659		30,659
Unspent Budget Authority								<u>\$19,341</u>		<u>\$ 19,341</u>

¹See note 4 on page 83.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 81 through 83.

Butte Vocational-Technical Center

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 1991

Summary of Significant Accounting Policies

Basis of Accounting

The Butte Vocational-Technical Center uses the accrual basis of accounting except for depreciation accounting for its funds. Under the accrual basis as defined by state accounting policy, the center records revenues in the accounting period earned, if measurable; it records expenses in the period incurred, if measurable.

Expenditures and expenses may include entire budgeted service contracts even though the center received the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules were prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments. Accounts are organized in funds according to state law. The center uses the following funds.

Current Fund

Includes economic resources expendable for instruction, research, public service, and the allied support operations and programs. The financial activities of the Current Fund are subdivided into the four following subfunds.

Unrestricted - funds for general operations which are free of restrictions, except those imposed by the legislature.

Restricted - funds for financing general operations for purposes imposed by sources external to the Board of Regents and the legislature, such as the federal Carl Perkins and student financial aid programs.

Notes to the Financial Schedules

Designated - funds for general operations which have been internally restricted, such as recharge operations, instructional materials fees, and student government. This fund is separately classified in order to distinguish the specific type of service being provided to various departments and is supported by internal charges to user departments.

Auxiliary - funds for providing goods and services primarily to students, faculty, or staff through a fee charged the consumer which is directly related to, but does not necessarily equal, the cost of the goods or services provided. The revenues are derived directly from the auxiliary bookstore and cafeteria operations.

Plant Fund

Accounts for financial resources allocated for capital outlay purposes or to retire long-term debts associated with construction or acquisition of fixed assets. The Unexpended Subfund accounts for unexpended resources from various sources to finance the acquisition of long-lived assets.

The Investment in Plant Subfund accounts for all long-lived assets in the service of the center as well as associated liabilities. This subfund is not presented on the financial schedules.

Revenue Classifications

Charges for Services - tuition and fee revenue is included in this revenue classification.

Other Financing Sources - the majority of this revenue classification is General Fund transfers and mill levies.

2. Vacation and Sick Leave

Qualifying classified and administrative employees at the center accumulate both annual and sick leave. The center pays employees 100 percent of unused annual leave. Classified employees are paid 25 percent of unused sick leave upon termination. Teachers and administrators, upon termination, are paid 50 percent for unused accumulated sick leave earned prior to July 1, 1989, and 25 percent for sick leave earned after June 30, 1989. The center absorbs expenditures for termination pay in its annual operational costs. At June 30, 1990 and at June 30, 1991, the center had a liability of \$266,489 and \$258,775, respectively,

Notes to the Financial Schedules

which contributes to the negative fund balance in the Unrestricted Subfund.

Carl Perkins

The Office of the Commissioner of Higher Education (CHE) subgranted federal Carl Perkins funds of \$146,195 and \$140,035 to the center for fiscal year 1989-90 and 1990-91, respectively.

In fiscal years 1989-90 and 1990-91, the center recorded Carl Perkins activity, to the extent of legislative appropriation, in the Unrestricted Subfund. The center recorded, in the Unrestricted Subfund, Carl Perkins receipts of \$137,995 in fiscal year 1989-90 and \$135,846 in fiscal year 1990-91 as federal revenue. The center recorded in the Restricted Subfund, Carl Perkins receipts of \$8,200 in fiscal year 1989-90 and \$4,189 in fiscal years 1990-91 as federal revenue.

Effective fiscal year 1991-92 the Carl Perkins funds are recorded in the Restricted Subfund.

Unspent Budget Authority - Restricted Fund

In fiscal year 1989-90, the center anticipated receiving a Title III Discretionary Grant of \$500,000 under the Job Training Partnership Act to operate a job training program for long-term unemployed persons. However, the grant was not approved for funding. The center included the proposed grant in its expenditure budget for fiscal year 1989-90.

Negative Fund Balances

Unrestricted Subfund - the center reimbursed CHE for \$15,528 of disallowed Carl Perkins expenditures in fiscal year 1989-90. The vacation and sick leave liability discussed in note 2 on page 82 also contributes to the negative fund balance.

Restricted Subfund - the center incorrectly accounted for federal college work-study activity during our audit period.

Great Falls

Independent Auditor's Report & Great Falls Vo-Tech Financial Schedules

Great Falls Vocational-Technical Center

Summary of Independent Auditor's Report

Summary of Independent Auditor's Report

The financial schedules presented on pages 88 through 94 are prepared from the Statewide Budgeting and Accounting System without adjustments. The independent auditor's report issued on the financial schedules is intended to convey to the reader the degree of reliance which can be placed on the amounts presented. The unqualified opinion on the financial schedules indicates the schedules are fairly stated, in all material respects, and the reader can rely on the reasonableness of the information presented on these schedules.



Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

INDEPENDENT AUDITOR'S REPORT

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLETT
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the financial schedules of the Great Falls Vocational-Technical Center for each of the two fiscal years ended June 30, 1990 and 1991, as shown on pages 88 through 94. The information contained in these financial schedules is the responsibility of the center's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than generally accepted accounting principles. The schedules are not intended to be a complete presentation and disclosure of the center's assets and liabilities.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balances of the Great Falls Vocational-Technical Center for the two fiscal years ended June 30, 1990 and 1991, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

February 12, 1992

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	CURRENT FUND					PLANT FUND	
	Unrestricted Subfund	Restricted Subfund	Designated Subfund	Auxiliary Subfund	ENDOWMENT FUND	Unexpended Subfund	Renewal & Replacement Subfund
FUND BALANCE: July 1, 1989	\$ (61,507)	\$ 30,355	\$ 7,395	\$ 81,671	\$10,360	\$ 20,867	\$20,867
ADDITIONS:							
<u>Fiscal Year 1989-1990</u>							
Budgeted Revenue & Transfers In	2,120,884	672,704	60,475	294,099		21,180	21,180
Nonbudgeted Revenue/Additions					1,200		
Prior Year Revenue - Additions/Adjustments	2,106	1,337	74				
Prior Year Transfer In Adjustments	(46,659)						
<u>Fiscal Year 1990-1991</u>							
Budgeted Revenue & Transfers In	2,222,739	715,660	71,922	265,304		23,518	23,518
Prior Year Revenue - Additions/Adjustments	(1,783)	1,542	(30)	228		(892)	(892)
Prior Year Transfer In Adjustments	(16,129)	(464)					
Total Additions	<u>4,281,158</u>	<u>1,390,779</u>	<u>132,441</u>	<u>559,631</u>	<u>1,200</u>	<u>43,806</u>	<u>43,806</u>
REDUCTIONS:							
<u>Fiscal Year 1989-1990</u>							
Budgeted Expenditures & Transfers Out	2,076,517	695,531	39,977	287,201			
Nonbudgeted Expenditures & Transfers Out	25,375			(16,392)			
Prior Year Expenditure Adjustments	(4,157)	(668)					
Direct Entries to Fund Balance	(13,269)		294				
<u>Fiscal Year 1990-1991</u>							
Budgeted Expenditures & Transfers Out	2,253,706	718,645	52,323	291,419			
Nonbudgeted Expenditures & Transfers Out	11,136			(17,062)			
Prior Year Expenditure Adjustments	(2,996)	(1,070)	(216)				
Prior Year Transfers Out			(464)				
Direct Entries to Fund Balance		(240)	(7,604)		240		
Total Reductions	<u>4,346,312</u>	<u>1,412,198</u>	<u>84,310</u>	<u>545,166</u>	<u>240</u>	<u>0</u>	<u>0</u>
FUND BALANCE: June 30, 1991	\$ (126,661)	\$ 8,936	\$ 55,526	\$ 96,136	\$11,320	\$64,673	\$64,673

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 92 through 94.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED REVENUE AND TRANSFERS IN - ESTIMATE AND ACTUAL
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	Charges for Services	Investment Earnings	Sale of Documents, Merchandise & Property	Rentals, Leases & Royalties	Miscellaneous	Grants, Contracts, Donations & Abandonments	Other Financing Sources	Federal	Total
Fiscal Year 1990-91									
CURRENT FUND:									
Unrestricted Subfund									
Estimate	\$380,499			\$ 4,000	\$ 400		\$1,573,921	\$153,821	\$2,112,641
Actual	493,144			2,136	286		1,573,856	153,317	2,222,739
Collections Over(under) Estimate	\$112,645			(1,864)	(114)		\$ (65)	\$ (504)	\$ 110,098
Restricted Subfund									
Estimate	\$ 2,000	\$ 1,700				\$18,598	\$ 1,800	\$731,066	\$ 755,164
Actual	86	1,562				12,923	1,729	699,360	715,660
Collections Over(under) Estimate	\$ (1,914)	\$ (138)				\$ (5,675)	\$ (71)	\$ (31,706)	\$ (39,504)
Designated Subfund									
Estimate	\$ 26,100	\$ 1,500	\$ 28,325		\$25,000	\$ 6,725			\$ 87,650
Actual	11,123	1,005	30,036		23,033	6,725			71,922
Collections Over(under) Estimate	\$ (14,977)	\$ (495)	\$ 1,711		\$ (1,967)	\$ 0			\$ (15,728)
Auxiliary Subfund									
Estimate			\$ 370,000						\$ 370,000
Actual			265,304						265,304
Collections Over(under) Estimate			\$ (104,696)						\$ (104,696)
PLANT FUND:									
Unexpended Subfund									
Estimate	\$ 30,000	3,000							\$ 33,000
Actual	20,664	2,854							23,518
Collections Over(under) Estimate	\$ (9,336)	(146)							\$ (9,482)
Renewal & Replacement Subfund									
Estimate	\$ 30,000	3,000							\$ 33,000
Actual	20,664	2,854							23,518
Collections Over(under) Estimate	\$ (9,336)	(146)							\$ (9,482)
Fiscal Year 1989-90									
CURRENT FUND:									
Unrestricted Subfund									
Estimate	\$417,546				\$ 300		\$1,517,729	\$141,471	\$2,077,046
Actual	467,214				278		1,517,729	135,663	2,120,884
Collections Over(under) Estimate	\$ 49,668				(22)		\$ 0	\$ (5,808)	\$ 43,838
Restricted Subfund									
Estimate	\$ 3,000	\$ 6,000				\$16,171	\$ 1,540	\$745,138	\$ 771,849
Actual	274	484				12,171	1,294	658,481	672,704
Collections Over(under) Estimate	\$ (2,726)	\$ (5,516)				\$ (4,000)	\$ (246)	\$ (86,657)	\$ (99,145)
Designated Subfund									
Estimate	\$ 17,400		\$ 21,900		\$11,622	\$ 7,426			\$ 58,348
Actual	20,816		22,293		9,940	7,426			60,475
Collections Over(under) Estimate	\$ 3,416		\$ 393		\$ (1,682)	\$ 0			\$ 2,127
Auxiliary Subfund									
Estimate			\$ 350,000						\$ 350,000
Actual			294,099						294,099
Collections Over(under) Estimate			\$ (55,901)						\$ (55,901)
PLANT FUND:									
Unexpended Subfund									
Estimate	\$ 30,000								\$ 30,000
Actual	21,180								21,180
Collections Over(under) Estimate	\$ (8,820)								\$ (8,820)
Renewal & Replacement Subfund									
Estimate	\$ 30,000								\$ 30,000
Actual	21,180								21,180
Collections Over(under) Estimate	\$ (8,820)								\$ (8,820)

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 92 through 94.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES AND TRANSFERS OUT BY OBJECT AND FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1991

	Instruction	Academic Support	Student Services	Institutional Support	Plant Operation & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Total
PERSONAL SERVICES								
Salaries	\$ 908,002	\$ 81,358	\$202,841	\$150,324	\$ 534		\$ 26,281	\$1,369,340
Hourly Wages	106,265	12,058	1,290	246	89,450	\$ 1,504	106	210,919
Employee Benefits	213,738	20,506	45,739	31,639	25,709		8,103	345,434
Total	<u>1,228,005</u>	<u>113,922</u>	<u>249,870</u>	<u>182,209</u>	<u>115,693</u>	<u>1,504</u>	<u>34,490</u>	<u>1,925,693</u>
OPERATING EXPENSES								
Other Services	16,089	3,164	26,372	13,659	749		172	60,205
Supplies & Materials	83,026	36,706	24,259	1,287	14,850		37,076	197,204
Communications	9,827	9,689	7,559	964	20,807		238	49,084
Travel	6,999	91	9,326	5,446	154			22,016
Rent	722	13,039			69			13,830
Utilities					100,351			100,351
Repair & Maintenance	9,779	27,676	2,652	464	34,783		3,597	78,951
Other Expenses	21,032	1,957	6,563	6,554	2,097		416	38,619
Goods Purchased for Resale	6,394		6,085				214,754	227,233
Total	<u>153,868</u>	<u>92,322</u>	<u>82,816</u>	<u>28,374</u>	<u>173,860</u>		<u>256,253</u>	<u>787,493</u>
EQUIPMENT AND INTANGIBLE ASSETS								
Equipment	42,490	12,067	4,675	2,296	3,512		750	65,790
Total	<u>42,490</u>	<u>12,067</u>	<u>4,675</u>	<u>2,296</u>	<u>3,512</u>		<u>750</u>	<u>65,790</u>
GRANTS								
From State Sources						7,546		7,546
From Federal Sources						509,278		509,278
From Other Sources						3,300		3,300
Total						<u>520,124</u>		<u>520,124</u>
TRANSFERS								
Nonmandatory Transfers						1,729		1,729
Total						<u>1,729</u>		<u>1,729</u>
DEBT SERVICE								
Leases	15,264							15,264
Total	<u>15,264</u>							<u>15,264</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,439,627</u>	<u>\$218,311</u>	<u>\$337,361</u>	<u>\$212,879</u>	<u>\$293,065</u>	<u>\$523,357</u>	<u>\$291,493</u>	<u>\$3,316,093</u>
CURRENT FUND:								
Unrestricted Subfund								
Budget	\$1,339,303	\$209,868	\$212,541	\$212,897	\$291,529			\$2,266,138
Actual	<u>1,329,586</u>	<u>209,494</u>	<u>211,077</u>	<u>212,707</u>	<u>290,842</u>			<u>2,253,706</u>
Unspent Budget Authority	\$ 9,717	\$ 374	\$ 1,464	\$ 190	\$ 687			\$ 12,432
Restricted Subfund								
Budget	\$ 88,856	\$ 5,907	\$123,679	\$ 358	\$ 1,306	\$536,749	\$ 198	\$ 757,053
Actual	<u>88,000</u>	<u>5,521</u>	<u>100,575</u>	<u>172</u>	<u>946</u>	<u>523,357</u>	<u>74</u>	<u>718,645</u>
Unspent Budget Authority	\$ 856	\$ 386	\$ 23,104	\$ 186	\$ 360	\$ 13,392	\$ 124	\$ 38,408
Designated Subfund								
Budget	\$ 41,562	\$ 3,296	\$ 38,100	\$ 2,800	\$ 1,277			\$ 87,035
Actual	<u>22,041</u>	<u>3,296</u>	<u>25,709</u>		<u>1,277</u>			<u>52,323</u>
Unspent Budget Authority	\$ 19,521	\$ 0	\$ 12,391	\$ 2,800	\$ 0			\$ 34,712
Auxiliary Subfund								
Budget							\$370,000	\$ 370,000
Actual							<u>291,419</u>	<u>291,419</u>
Unspent Budget Authority							<u>\$ 78,581</u>	<u>\$ 78,581</u>

¹See note 4 on page 94.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 92 through 94.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES AND TRANSFERS OUT BY OBJECT AND FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	Instruction	Academic Support	Student Services	Institutional Support	Plant Operation & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Agency ¹	Total
PERSONAL SERVICES									
Salaries	\$ 903,539	\$152,486	\$115,226	\$151,257			\$ 1,520		\$1,324,028
Hourly Wages	45,209	8,384	809	861	\$ 78,037	\$ 3,529	26,759		163,588
Employee Benefits	206,992	35,676	26,382	31,948	21,128	19	8,051		330,196
Total	<u>1,155,740</u>	<u>196,546</u>	<u>142,417</u>	<u>184,066</u>	<u>99,165</u>	<u>3,548</u>	<u>36,330</u>		<u>1,817,812</u>
OPERATING EXPENSES									
Other Services	1,886	5,123	7,727	27,852	1,783		2,242		46,613
Supplies & Materials	54,394	18,175	10,394	996	10,823		42,905	\$12,768	150,455
Communications	6,534	8,285	4,832	770	20,692		60		41,173
Travel	8,118	2,043	6,163	8,113	271		199	100	25,007
Rent	498	278							776
Utilities					84,222				84,222
Repair & Maintenance	10,182	11,582	103		25,071		1,316	39	48,293
Other Expenses	8,358	3,370	3,088	4,301	2,573		280		21,970
Goods Purchased For Resale	6,750						204,220		210,970
Total	<u>96,720</u>	<u>48,856</u>	<u>32,307</u>	<u>42,032</u>	<u>145,435</u>		<u>251,222</u>	<u>12,907</u>	<u>629,479</u>
EQUIPMENT AND INTANGIBLE ASSETS									
Equipment	101,285	6,307	495		22,036		585		130,708
Total	<u>101,285</u>	<u>6,307</u>	<u>495</u>		<u>22,036</u>		<u>585</u>		<u>130,708</u>
GRANTS									
From Federal Sources						504,669			504,669
Total						<u>504,669</u>			<u>504,669</u>
TRANSFERS									
Nonmandatory Transfers						1,294			1,294
Total						<u>1,294</u>			<u>1,294</u>
DEBT SERVICE									
Leases	15,264								15,264
Total	<u>15,264</u>								<u>15,264</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,369,009</u>	<u>\$251,709</u>	<u>\$175,219</u>	<u>\$226,098</u>	<u>\$266,636</u>	<u>\$509,511</u>	<u>\$288,137</u>	<u>\$12,907</u>	<u>\$3,099,226</u>
CURRENT FUND:									
Unrestricted Subfund									
Budget	\$1,280,395	\$141,697	\$168,272	\$222,829	\$263,553				\$2,076,746
Actual	<u>1,280,356</u>	<u>141,694</u>	<u>168,220</u>	<u>222,827</u>	<u>263,420</u>				<u>2,076,517</u>
Unspent Budget Authority	\$ <u>39</u>	\$ <u>3</u>	\$ <u>52</u>	\$ <u>2</u>	\$ <u>133</u>				\$ <u>229</u>
Restricted Subfund									
Budget	\$ 77,404	\$115,805	\$ 7,322	\$ 722	\$ 2,031	\$539,994	\$ 963		\$ 744,241
Actual	<u>68,359</u>	<u>107,648</u>	<u>6,992</u>	<u>649</u>	<u>1,893</u>	<u>509,047</u>	<u>936</u>		<u>695,531</u>
Unspent Budget Authority	\$ <u>9,045</u>	\$ <u>8,157</u>	\$ <u>323</u>	\$ <u>73</u>	\$ <u>138</u>	\$ <u>30,947</u>	\$ <u>27</u>		\$ <u>48,710</u>
Designated Subfund									
Budget	\$ 24,372	\$ 2,367		\$ 2,622	\$ 1,323	\$ 464		\$20,500	\$ 51,648
Actual	<u>20,294</u>	<u>2,367</u>		<u>2,622</u>	<u>1,323</u>	<u>464</u>		<u>12,907</u>	<u>39,977</u>
Unspent Budget Authority	\$ <u>4,078</u>	\$ <u>0</u>		\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>		\$ <u>7,593</u>	\$ <u>11,671</u>
Auxiliary Subfund									
Budget							\$350,000		\$ 350,000
Actual							<u>287,201</u>		<u>287,201</u>
Unspent Budget Authority							\$ <u>62,799</u>		\$ <u>62,799</u>

¹ Student government expenditures were recorded in the agency program during fiscal year 1989-90.

² See note 4 on page 94.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 92 through 94.

Great Falls Vocational-Technical Center

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 1991

Summary of Significant Accounting Policies

Basis of Accounting

The Great Falls Vocational-Technical Center uses the accrual basis of accounting except for depreciation accounting for its funds. Under the accrual basis as defined by state accounting policy, the center records revenues in the accounting period earned, if measurable; it records expenses in the period incurred, if measurable.

Expenditures and expenses may include entire budgeted service contracts even though the center received the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules were prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments. Accounts are organized in funds according to state law. The center uses the following funds.

Current Fund

Includes economic resources expendable for instruction, research, public service, and the allied support operations and programs. The financial activities of the Current Fund are subdivided into the four following subfunds.

Unrestricted - funds for general operations which are free of restrictions, except those imposed by the legislature.

Restricted - funds for financing general operations for purposes imposed by sources external to the Board of Regents and the legislature, such as the federal Carl Perkins and student financial aid programs.

Notes to the Financial Schedules

Designated - funds for general operations which have been internally restricted, such as recharge operations, instructional materials fees, and student government. This fund is separately classified in order to distinguish the specific type of service being provided to various departments and is supported by internal charges to user departments.

Auxiliary - funds for providing goods and services primarily to students, faculty, or staff through a fee charged the consumer which is directly related to, but does not necessarily equal, the cost of the goods or services provided. The revenues are derived directly from the auxiliary bookstore and snack bar operations.

Endowment Fund

Income from endowments have to be used for the purpose specified by the donor.

Plant Fund

Accounts for financial resources allocated for capital outlay purposes or to retire long-term debts associated with construction or acquisition of fixed assets. The Unexpended Subfund accounts for unexpended resources from various sources to finance the acquisition of long-lived assets. The Renewal & Replacement Subfund accounts for the funds needed to provide for the renewal and replacement of Plant Fund assets.

The Investment in Plant Subfund accounts for all long-lived assets in the service of the center as well as associated liabilities. This subfund is not presented on the financial schedules.

Revenue Classifications

Charges for Services - tuition and fee revenue is included in this revenue classification.

Other Financing Sources - the majority of this revenue classification is General Fund transfers and mill levies.

Vacation and Sick Leave

Qualifying classified and administrative employees at the center accumulate both annual and sick leave. The center pays employees 100 percent of unused annual leave. Classified employees are paid 25 percent of unused sick leave upon termination. Teachers and administrators, upon termination, are paid 50 percent for unused accumulated sick leave earned prior to July 1, 1989, and 25 percent for sick leave earned after June 30, 1989. The center absorbs expenditures for termination pay in its annual operational costs. At June 30, 1990 and at June 30, 1991, the center had a liability of \$129,652 and \$141,142, respectively, which contributes to the negative fund balance in the Unrestricted Subfund.

Carl Perkins

The Office of the Commissioner of Higher Education (CHE) subgranted federal Carl Perkins funds of \$219,862 and \$218,546 to the center for fiscal year 1989-90 and 1990-91, respectively.

In fiscal years 1989-90 and 1990-91, the center recorded Carl Perkins activity, to the extent of legislative appropriation, in the Unrestricted Subfund. The center reported all other Carl Perkins activity in the Restricted Subfund. The center recorded, in the Unrestricted Subfund, Carl Perkins receipts of \$135,663 in fiscal year 1989-90 and \$153,317 in fiscal year 1990-91 as federal revenue. The center recorded in the Restricted Subfund, Carl Perkins receipts of \$84,199 in fiscal year 1989-90 and \$65,229 in fiscal year 1990-91 as federal revenue.

Effective fiscal year 1991-92 the Carl Perkins funds are recorded in the Restricted Subfund.

Program Changes

In fiscal year 1989-90, the center reported activity related to the federal Project Access grant in the academic support program. In fiscal year 1990-91, the center reported this activity in the student services program and reported no activity in the academic support program. Budgeted expenditures for this grant were \$103,777 in fiscal year 1989-90 and \$96,048 in fiscal year 1990-91.

Helena

Independent Auditor's Report & Helena Vo-Tech Financial Schedules

Helena Vocational-Technical Center

Summary of Independent Auditor's Report

Summary of Independent Auditor's Report

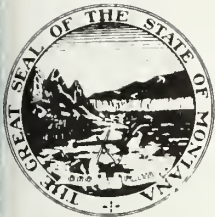
The financial schedules presented on pages 99 through 105 are prepared from the Statewide Budgeting and Accounting System without adjustments. The independent auditor's report issued on the financial schedules is intended to convey to the reader the degree of reliance which can be placed on the amounts presented.

We issued a qualified opinion on the Schedule of Changes in Fund Balances for the two fiscal years ended June 30, 1991. This schedule is misstated because the center improperly recorded a June 30, 1991 inventory adjustment. The reader should use caution when using the financial information on this schedule.

We issued an unqualified opinion on the other schedules which indicates the schedules are fairly stated in all material respects and the reader can rely on the reasonableness of the information presented.

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

INDEPENDENT AUDITOR'S REPORT

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLET
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the financial schedules of the Helena Vocational-Technical Center for each of the two fiscal years ended June 30, 1990 and 1991, as shown on pages 99 through 105. The information contained in these financial schedules is the responsibility of the center's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than generally accepted accounting principles. The schedules are not intended to be a complete presentation and disclosure of the center's assets and liabilities.

The center incorrectly adjusted fiscal year 1990-91 merchandise inventory. As a result, fiscal year 1990-91 Designated Subfund nonbudgeted expenditures are overstated and fund balance is understated by \$119,248 on the Schedule of Changes in Fund Balances for the two fiscal years ended June 30, 1991.

In our opinion, except for the effects of the matter discussed in paragraph four, the financial schedules referred to in the first paragraph present fairly, in all material respects, the results of operations and changes in fund balances of the Helena Vocational-Technical Center for the two fiscal years ended June 30, 1991, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

February 12, 1992

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE TWO FISCAL YEARS ENDING JUNE 30, 1991

	CURRENT FUND					PLANT FUND Renewal & Replacement Subfund
	Unrestricted Subfund	Restricted Subfund	Designated Subfund	Auxiliary Subfund	LOAN FUND	ENDOWMENT FUND
FUND BALANCE: July 1, 1989	\$ (173,419)	\$ 17,462	\$ 74,102	\$143,143	\$6,931	\$22,645
ADDITIONS:						
<u>Fiscal Year 1989-1990</u>						
Budgeted Revenue & Transfers In	2,461,424	431,951	137,152	109,570		31,587
Nonbudgeted Revenue & Transfers In		4,145	13,000		732	1,671
Prior Year Revenue Adjustments	(878)	(3,247)				878
<u>Fiscal Year 1990-1991</u>						
Budgeted Revenue & Transfers In	2,503,244	400,180	109,903	112,268		32,972
Nonbudgeted Revenue & Transfers In		3,403	10,327		17	(150)
Prior Year Revenue Adjustments	(1,990)	(3,317)	1,451	69	282	7
Total Additions	<u>4,961,800</u>	<u>833,115</u>	<u>271,833</u>	<u>221,907</u>	<u>1,031</u>	<u>3,183</u>
REDUCTIONS:						
<u>Fiscal Year 1989-1990</u>						
Budgeted Expenditures	2,461,425	440,472	135,019	113,478		562
Nonbudgeted Expenditures & Transfers Out	45,506	4,091	(16,409)	(7,265)		1,142
Prior Year Expenditure Adjustments	(5,372)	(2,616)	(16)	390		108,879
Nonbudgeted Prior Year Expenditure Adjustments			(20,034)			
<u>Fiscal Year 1990-1991</u>						
Budgeted Expenditures	2,503,245	399,645	113,935	90,131		40,898
Nonbudgeted Expenditures & Transfers Out	9,455	8,963	98,791	12,325		1,500
Prior Year Expenditure Adjustments	1,990	(3,324)	(681)	337		
Nonbudgeted Prior Year Expenditure Adjustments		(89)	30,338			
Total Reductions	<u>5,016,249</u>	<u>847,142</u>	<u>340,943</u>	<u>209,396</u>	<u>0</u>	<u>150,339</u>
FUND BALANCE: June 30, 1991	\$ (227,868)	\$ 3,435	\$ 4,992	\$155,654	\$7,962	\$23,186
						\$ 74,268

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 103 through 105.

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED REVENUE AND TRANSFERS IN - ESTIMATE AND ACTUAL
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	Charges for Services	Sale of Documents, Merchandise, & Property	Grants, Contracts, Donations, & Abandonments	Other Financing Sources	Federal	No Revenue Class Budgeted ¹	Total
Fiscal Year 1990-91							
CURRENT FUND:							
Unrestricted Subfund							
Estimate	\$ 479,371			\$1,890,011	\$ 0	\$ 244,140	\$2,613,522
Actual	<u>408,751</u>			<u>1,890,011</u>	<u>204,482</u>	<u>0</u>	<u>2,503,244</u>
Collections Over(under) Estimate	\$ <u>(70,620)</u>			\$ <u>0</u>	\$ <u>204,482</u>	\$ <u>(244,140)</u>	\$ <u>(110,278)</u>
Restricted Subfund							
Estimate	\$ 4,000		\$ 0		\$ 660,000	\$ 44,500	\$ 708,500
Actual	<u>0</u>		<u>14,411</u>		<u>385,769</u>	<u>0</u>	<u>400,180</u>
Collections Over(under) Estimate	\$ <u>(4,000)</u>		\$ <u>14,411</u>		\$ <u>(274,231)</u>	\$ <u>(44,500)</u>	\$ <u>(308,320)</u>
Designated Subfund							
Estimate	\$ 0	\$150,000				\$ 25,500	\$ 175,500
Actual	<u>13,725</u>	<u>96,178</u>				<u>0</u>	<u>109,903</u>
Collections Over(under) Estimate	\$ <u>13,725</u>	\$ <u>(53,822)</u>				\$ <u>(25,500)</u>	\$ <u>(65,597)</u>
Auxiliary Subfund							
Estimate		\$150,000					\$ 150,000
Actual		<u>112,268</u>					<u>112,268</u>
Collections Over(under) Estimate		\$ <u>(37,732)</u>					\$ <u>(37,732)</u>
PLANT FUND:							
Renewal & Replacement Subfund							
Estimate	\$ 20,000					\$ 40,000	\$ 60,000
Actual	<u>32,972</u>					<u>0</u>	<u>32,972</u>
Collections Over(under) Estimate	\$ <u>12,972</u>					\$ <u>(40,000)</u>	\$ <u>(27,028)</u>
Fiscal Year 1989-90							
CURRENT FUND:							
Unrestricted Subfund							
Estimate	\$ 518,829			\$1,789,764	\$ 0		\$2,308,593
Actual	<u>393,708</u>			<u>1,849,764</u>	<u>217,952</u>		<u>2,461,424</u>
Collections Over(under) Estimate	\$ <u>(125,121)</u>			\$ <u>60,000</u>	\$ <u>217,952</u>		\$ <u>152,831</u>
Restricted Subfund							
Estimate	\$ 4,000		\$ 24,500		\$ 664,000	\$ 20,000	\$ 712,500
Actual	<u>1,986</u>		<u>13,914</u>		<u>416,051</u>	<u>0</u>	<u>431,951</u>
Collections Over(under) Estimate	\$ <u>(2,014)</u>		\$ <u>(10,586)</u>		\$ <u>(247,949)</u>	\$ <u>(20,000)</u>	\$ <u>(280,549)</u>
Designated Subfund							
Estimate	\$ 27,500	\$163,000					\$ 190,500
Actual	<u>14,396</u>	<u>122,756</u>					<u>137,152</u>
Collections Over(under) Estimate	\$ <u>(13,104)</u>	\$ <u>(40,244)</u>					\$ <u>(53,348)</u>
Auxiliary Subfund							
Estimate		\$150,000					\$ 150,000
Actual		<u>109,570</u>					<u>109,570</u>
Collections Over(under) Estimate		\$ <u>(40,430)</u>					\$ <u>(40,430)</u>
PLANT FUND:							
Renewal & Replacement Subfund							
Estimate	\$ 40,000						\$ 40,000
Actual	<u>31,587</u>						<u>31,587</u>
Collections Over(under) Estimate	\$ <u>(8,413)</u>						\$ <u>(8,413)</u>

¹ See note 1 on page 103.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 103 through 105.

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES BY OBJECT AND FUND - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1991

	Instruction	Academic Support	Student Services	Institutional Support	Plant Operation & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Recharge Service Programs	Student Loans	Plant Programs	Total
PERSONAL SERVICES											
Salaries	\$1,072,395	\$130,092	\$177,164	\$129,105	\$ 97,428						\$1,606,184
Hourly Wages	11	2,399	110		349						2,869
Employee Benefits	232,744	32,523	34,112	25,289	26,568						351,236
Total	<u>1,305,150</u>	<u>165,014</u>	<u>211,386</u>	<u>154,394</u>	<u>124,345</u>						<u>1,960,289</u>
OPERATING EXPENSES											
Other Services	8,301	17,904	26,072	5,542	15,374	\$ 24,730	\$ 5,700	\$15,769		\$ 216	119,608
Supplies & Materials	86,895	7,679	6,836	2,799	30,272		2,247	3,575		(300)	140,003
Communications	642	1,205	20,298	690	20,193		38	4			43,070
Travel	9,586	6,268	5,642	7,892	13						29,401
Rent	7,017	600	560		8,696						16,873
Utilities	99				90,497		161	701			91,458
Repair & Maintenance	12,974	921	818	127	57,521		25			127	72,513
Other Expenses	6,129	2,508	15,755	5,025	1,154			720			31,291
Goods Purchased For Resale	61,066	183					81,960	742			143,951
Total	<u>192,709</u>	<u>37,268</u>	<u>75,981</u>	<u>22,075</u>	<u>223,720</u>	<u>24,730</u>	<u>90,131</u>	<u>21,511</u>		<u>43</u>	<u>688,168</u>
EQUIPMENT AND INTANGIBLE ASSETS											
Equipment	73,207	8,178	499		2,421					40,855	125,160
Total	<u>73,207</u>	<u>8,178</u>	<u>499</u>		<u>2,421</u>					<u>40,855</u>	<u>125,160</u>
GRANTS											
From State Sources						5,054					5,054
From Federal Sources						360,993					360,993
From Other Sources									\$ 2,564		2,564
Total						<u>366,047</u>			<u>2,564</u>		<u>368,611</u>
DEBT SERVICE											
Leases	5,626										5,626
Total	<u>5,626</u>										<u>5,626</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,576,692</u>	<u>\$210,460</u>	<u>\$287,866</u>	<u>\$176,469</u>	<u>\$350,486</u>	<u>\$390,777</u>	<u>\$ 90,131</u>	<u>\$21,511</u>	<u>\$ 2,564</u>	<u>\$ 40,898</u>	<u>\$3,147,854</u>
CURRENT FUND:											
Unrestricted Subfund											
Budget	\$1,541,416	\$209,584	\$283,300	\$177,600	\$357,622						\$2,569,522
Actual	<u>1,493,169</u>	<u>204,970</u>	<u>278,965</u>	<u>176,469</u>	<u>349,672</u>						<u>2,503,245</u>
Unspent Budget Authority	<u>\$ 48,247</u>	<u>\$ 4,614</u>	<u>\$ 4,335</u>	<u>\$ 1,131</u>	<u>\$ 7,950</u>						<u>\$ 66,277</u>
Restricted Subfund											
Budget		\$ 15,000			\$ 10,000	\$675,000			\$10,000		\$ 710,000
Actual		<u>5,490</u>			<u>814</u>	<u>390,777</u>			<u>2,564</u>		<u>399,645</u>
Unspent Budget Authority		<u>\$ 9,510</u>			<u>\$ 9,186</u>	<u>\$284,223</u>			<u>\$ 7,436</u>		<u>\$ 310,355</u>
Designated Subfund											
Budget	\$ 160,000		\$ 25,000					\$30,000			\$ 215,000
Actual	<u>83,523</u>		<u>8,901</u>					<u>21,511</u>			<u>113,935</u>
Unspent Budget Authority	<u>\$ 76,477</u>		<u>\$ 16,099</u>					<u>\$ 8,489</u>			<u>\$ 101,065</u>
Auxiliary Subfund											
Budget							\$150,000				\$ 150,000
Actual							<u>90,131</u>				<u>90,131</u>
Unspent Budget Authority							<u>\$ 59,869</u>				<u>\$ 59,869</u>
PLANT FUND:											
Renewal & Replacement Subfund											
Budget									\$200,000		\$ 200,000
Actual									<u>40,898</u>		<u>40,898</u>
Unspent Budget Authority									<u>\$159,102</u>		<u>\$ 159,102</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 103 through 105.

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES BY OBJECT AND FUND - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	Instruction	Academic Support	Student Services	Institutional Support	Plant Operation & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Recharge Service Programs	Student Loans	Plant Programs	Total
PERSONAL SERVICES											
Salaries	\$1,033,516	\$146,116	\$137,819	\$133,716	\$ 80,316						\$1,531,483
Hourly Wages		3,044			647						3,691
Employee Benefits	219,392	36,203	27,776	27,569	21,421						332,361
Total	<u>1,252,908</u>	<u>185,363</u>	<u>165,595</u>	<u>161,285</u>	<u>102,384</u>						<u>1,867,535</u>
OPERATING EXPENSES											
Other Services	20,512	25,517	14,180	27,369	15,422	\$ 22,940	\$ 8,771	\$ 7,131		\$ 562	142,404
Supplies & Materials	116,138	6,548	5,708	2,952	13,342		1,299	2,702			148,689
Communications	303	2,194	33,299	627	23,107		38				59,568
Travel	5,411	1,797	4,596	5,028				337			17,169
Rent	2,710		25		7,746						10,481
Utilities	59				80,842		145	632			81,678
Repair & Maintenance	13,024	1,846	764	76	38,929		40				54,679
Other Expenses	6,098	2,912	9,200	7,677	1,410		70	553			27,920
Goods Purchased For Resale	79,469						97,856	827			178,152
Total	<u>243,724</u>	<u>40,814</u>	<u>67,772</u>	<u>43,729</u>	<u>180,798</u>	<u>22,940</u>	<u>108,219</u>	<u>12,182</u>		<u>562</u>	<u>720,740</u>
EQUIPMENT AND INTANGIBLE ASSETS											
Equipment	108,859	24,350	7,323	2,256	9,805		5,259				157,852
Intangible Assets		566									566
Total	<u>108,859</u>	<u>24,916</u>	<u>7,323</u>	<u>2,256</u>	<u>9,805</u>		<u>5,259</u>				<u>158,418</u>
GRANTS											
From State Sources						10,975					10,975
From Federal Sources						378,880					378,880
From Other Sources									\$2,564		2,564
Total						<u>389,855</u>			<u>2,564</u>		<u>392,419</u>
DEBT SERVICE											
Leases	11,844										11,844
Total	<u>11,844</u>										<u>11,844</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,617,335</u>	<u>\$251,093</u>	<u>\$240,690</u>	<u>\$207,270</u>	<u>\$292,987</u>	<u>\$412,795</u>	<u>\$113,478</u>	<u>\$12,182</u>	<u>\$2,564</u>	<u>\$ 562</u>	<u>\$3,150,956</u>
CURRENT FUND:											
Unrestricted Subfund											
Budget	\$1,540,026	\$246,112	\$225,000	\$210,486	\$324,922						\$2,546,546
Actual	<u>1,495,551</u>	<u>242,558</u>	<u>225,000</u>	<u>207,270</u>	<u>291,046</u>						<u>2,461,425</u>
Unspent Budget Authority	<u>\$ 44,475</u>	<u>\$ 3,554</u>	<u>\$ 0</u>	<u>\$ 3,216</u>	<u>\$ 33,876</u>						<u>\$ 85,121</u>
Restricted Subfund											
Budget		\$ 15,000	\$ 15,000		\$ 10,000	\$675,000			\$8,000		\$ 723,000
Actual		<u>8,535</u>	<u>14,637</u>		<u>1,941</u>	<u>412,795</u>			<u>2,564</u>		<u>440,472</u>
Unspent Budget Authority		<u>\$ 6,465</u>	<u>\$ 363</u>		<u>\$ 8,059</u>	<u>\$262,205</u>			<u>\$5,436</u>		<u>\$ 282,528</u>
Designated Subfund											
Budget	\$ 150,000		\$ 20,000					\$20,000			\$ 190,000
Actual	<u>121,784</u>		<u>1,053</u>					<u>12,182</u>			<u>135,019</u>
Unspent Budget Authority	<u>\$ 28,216</u>		<u>\$ 18,947</u>					<u>\$ 7,818</u>			<u>\$ 54,981</u>
Auxiliary Subfund											
Budget							\$150,000				\$ 150,000
Actual							<u>113,478</u>				<u>113,478</u>
Unspent Budget Authority							<u>\$ 36,522</u>				<u>\$ 36,522</u>
PLANT FUND:											
Renewal & Replacement Subfund											
Budget									\$40,000		\$ 40,000
Actual									<u>562</u>		<u>562</u>
Unspent Budget Authority									<u>\$39,438</u>		<u>\$ 39,438</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 103 through 105.

Helena Vocational-Technical Center

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 1991

Summary of Significant Accounting Policies

Basis of Accounting

The Helena Vocational-Technical Center uses the accrual basis of accounting except for depreciation accounting for its funds. Under the accrual basis as defined by state accounting policy, the center records revenues in the accounting period earned, if measurable; it records expenses in the period incurred, if measurable.

Expenditures and expenses may include entire budgeted service contracts even though the center received the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules were prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments. Accounts are organized in funds according to state law. The center uses the following funds.

Current Fund

Includes economic resources expendable for instruction, research, public service, and the allied support operations and programs. The financial activities of the Current Fund are subdivided into the four following subfunds.

Unrestricted - funds for general operations which are free of restrictions, except those imposed by the legislature.

Restricted - funds for financing general operations for purposes imposed by sources external to the Board of Regents and the legislature, such as student financial aid programs.

Notes to the Financial Schedules

Designated - funds for general operations which have been internally restricted, such as recharge operations, instructional materials fees, and student government. This fund is separately classified in order to distinguish the specific type of service being provided to various departments and is supported by internal charges to user departments.

Auxiliary - funds for providing goods and services primarily to students, faculty, or staff through a fee charged the consumer which is directly related to, but does not necessarily equal, the cost of the goods or services provided. The revenues are derived directly from the auxiliary bookstore and resale operations.

Endowment Fund

Income from endowments have to be used for the purpose specified by the donor.

Loan Fund

Funds available to students to aid in financing their education. Funds for the loans are provided by private sources.

Plant Fund

Accounts for financial resources allocated for capital outlay purposes or to retire long-term debts associated with construction or acquisition of fixed assets. The Renewal & Replacement Subfund accounts for the funds needed to provide for the renewal and replacement of Plant Fund assets.

The Investment in Plant Subfund accounts for all long-lived assets in the service of the center as well as associated liabilities. This subfund is not presented on the financial schedules.

Revenue Classifications

Charges for Services - tuition and fee revenue is included in this revenue classification.

Other Financing Sources - the majority of this revenue classification is General Fund transfers and mill levies.

No Budgeted Revenue Class- several revenue estimates were not classified within a revenue classification.

Vacation and Sick Leave

Qualifying classified and administrative employees at the center accumulate both annual and sick leave. The center pays employees 100 percent of unused annual leave. Classified employees are paid 25 percent of unused sick leave upon termination. Teachers and administrators, upon termination, are paid 50 percent for unused accumulated sick leave earned prior to July 1, 1989, and 25 percent for sick leave earned after June 30, 1989. The center absorbs expenditures for termination pay in its annual operational costs. At June 30, 1990 and at June 30, 1991, the center had a liability of \$214,239 and \$223,323, respectively, which contributes to the negative fund balance in the Unrestricted Subfund.

Carl Perkins

The Office of the Commissioner of Higher Education (CHE) subgranted federal Carl Perkins funds of \$217,952 and \$200,140 to the center for fiscal year 1989-90 and 1990-91, respectively. The center recorded these funds as federal revenue in the Unrestricted Subfund.

Effective fiscal year 1991-92 the Carl Perkins funds are recorded in the Restricted Subfund.

Missoula

Independent Auditor's Report & Missoula Vo-Tech Financial Schedules

Missoula Vocational-Technical Center

Summary of Independent Auditor's Report

Summary of Independent Auditor's Report

The financial schedules presented on pages 110 through 116 are prepared from the Statewide Budgeting and Accounting System without adjustments. The independent auditor's report issued on the financial schedules is intended to convey to the reader the degree of reliance which can be placed on the amounts presented.

We issued a qualified opinion on the Schedule of Changes in Fund Balances for the two fiscal years ended June 30, 1991. This schedule is misstated because the center did not properly eliminate recharge activity. Revenues and expenditures in the designated fund are misstated. The reader should use caution when using the financial information presented on this schedule.

We issued an unqualified opinion on the other schedules which indicates the schedules are fairly stated in all material respects and the user can rely on the reasonableness of the information presented.

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

INDEPENDENT AUDITOR'S REPORT

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLET
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the financial schedules of the Missoula Vocational-Technical Center for each of the two fiscal years ended June 30, 1990 and 1991, as shown on pages 110 through 116. The information contained in these financial schedules is the responsibility of the center's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than generally accepted accounting principles. The schedules are not intended to be a complete presentation and disclosure of the center's assets and liabilities.

The center did not properly eliminate revenues and expenditures of recharge activity. As a result, budgeted revenue and budgeted expenditures are understated by \$100,718 and \$95,495, respectively, in fiscal year 1989-90 in the Designated Subfund. Also nonbudgeted revenue and nonbudgeted expenditures were overstated by \$201,435 and \$196,123, respectively, in fiscal year 1989-90 and \$96,396 and \$96,396 in fiscal year 1990-91 in the same subfund on the Schedule of Changes in Fund Balances for the two fiscal years ended June 30, 1991.

In our opinion, except for the effects of the matter discussed in paragraph four, the financial schedules referred to in the first paragraph present fairly, in all material respects, the results of operations and changes in fund balances of the Missoula Vocational-Technical Center for the two fiscal years ended June 30, 1991, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

February 12, 1992

MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	<u>CURRENT FUND</u>				<u>ENDOWMENT</u>	<u>PLANT FUND</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Designated</u>	<u>Auxiliary</u>	<u>FUND</u>	<u>Renewal &</u>
	<u>Subfund</u>	<u>Subfund</u>	<u>Subfund</u>	<u>Subfund</u>		<u>Replacement</u>
FUND BALANCE: July 1, 1989	\$ <u>(235,246)</u>	\$ <u>25,475</u>	\$ <u>57,248</u>	\$ <u>93,704</u>	\$ <u>13,966</u>	\$ <u>73,653</u>
ADDITIONS:						
<u>Fiscal Year 1989-90</u>						
Budgeted Revenue & Transfers In	2,731,836	546,745	105,479	237,389		70,938
Nonbudgeted Revenue & Transfers In			100,718		(4)	
Prior Year Revenue Adjustments	(1,323)	(2,462)				
<u>Fiscal Year 1990-91</u>						
Budgeted Revenue & Transfers In	2,807,987	648,816	220,208	225,320		49,024
Prior Year Revenue Adjustments	(165)	(4)		(36)	4	6
Total Additions	<u>5,538,335</u>	<u>1,193,095</u>	<u>426,405</u>	<u>462,673</u>	<u>0</u>	<u>119,968</u>
REDUCTIONS:						
<u>Fiscal Year 1989-90</u>						
Budgeted Expenditures	2,731,652	568,337	104,006	224,409		14,772
Nonbudgeted Expenditures & Transfers Out	21,074		96,402	(169)		
Prior Year Expenditure Adjustments	(1,872)	(2,385)		(65)		
<u>Fiscal Year 1990-91</u>						
Budgeted Expenditures & Transfers Out	2,806,596	649,565	178,098	217,752		12,000
Nonbudgeted Expenditures & Transfers Out	24,227		(644)	(1,658)		
Prior Year Expenditure Adjustments	19	(355)	(61)	146		
Total Reductions	<u>5,581,696</u>	<u>1,215,162</u>	<u>377,801</u>	<u>440,415</u>	<u>0</u>	<u>26,772</u>
FUND BALANCE: June 30, 1991	\$ <u>(278,607)</u>	\$ <u>3,408</u>	\$ <u>105,852</u>	\$ <u>115,962</u>	\$ <u>13,966</u>	\$ <u>166,849</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 114 through 116.

MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED REVENUE AND TRANSFERS IN - ESTIMATE AND ACTUAL
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

	Charges for Services	Investment Earnings	Sale of Documents, Merchandise & Property	Rentals, Leases & Royalties	Miscellaneous	Grants, Contracts, Donations & Abandonments	Other Financing Sources	Federal	No Revenue Class Budgeted ¹	Total
Fiscal Year 1990-91										
CURRENT FUND:										
Unrestricted Subfund										
Estimate	\$ 407,941						\$2,177,885	\$179,596	\$ 300	\$2,765,722
Actual	<u>453,518</u>						<u>2,177,640</u>	<u>176,829</u>	<u>0</u>	<u>2,807,987</u>
Collections Over (Under) Estimate	<u>\$ 45,577</u>						<u>\$ (245)</u>	<u>\$ (2,767)</u>	<u>\$ (300)</u>	<u>\$ 42,265</u>
Restricted Subfund										
Estimate		\$ 1,200				\$13,800		\$645,859		\$ 660,859
Actual		<u>1,056</u>				<u>11,511</u>		<u>636,249</u>		<u>648,816</u>
Collections Over (Under) Estimate		<u>\$ (144)</u>				<u>\$ (2,289)</u>		<u>\$ (9,610)</u>		<u>\$ (12,043)</u>
Designated Subfund										
Estimate	\$ 248,800	\$ 0	\$ 25,000	\$ 0	\$1,500	\$ 7,000	\$ 0		\$ 19,500	\$ 301,800
Actual	<u>172,416</u>	<u>161</u>	<u>21,866</u>	<u>1,700</u>	<u>3,340</u>	<u>8,725</u>	<u>12,000</u>		<u>0</u>	<u>220,208</u>
Collections Over (Under) Estimate	<u>\$ (76,384)</u>	<u>\$ 161</u>	<u>\$ (3,134)</u>	<u>\$ 1,700</u>	<u>\$1,840</u>	<u>\$ 1,725</u>	<u>\$ 12,000</u>		<u>\$ (19,500)</u>	<u>\$ (81,592)</u>
Auxiliary Subfund										
Estimate	\$ 1	\$ 2,500	\$260,000					\$ 0	\$ 500	\$ 263,001
Actual	<u>0</u>	<u>3,207</u>	<u>221,717</u>					<u>396</u>	<u>0</u>	<u>225,320</u>
Collections Over (Under) Estimate	<u>\$ (1)</u>	<u>\$ 707</u>	<u>\$ (38,283)</u>					<u>\$ 396</u>	<u>\$ (500)</u>	<u>\$ (37,681)</u>
Endowment Subfund										
Estimate									\$ 2,000	\$ 2,000
Actual									<u>0</u>	<u>0</u>
Collections Over (Under) Estimate									<u>\$ (2,000)</u>	<u>\$ (2,000)</u>
PLANT FUND:										
Renewal & Replacement										
Estimate	\$ 40,000	\$ 9,000		\$ 27,500	\$ 300					\$ 76,800
Actual	<u>38,339</u>	<u>10,122</u>		<u>265</u>	<u>298</u>					<u>49,024</u>
Collections Over (Under) Estimate	<u>\$ (1,661)</u>	<u>\$ 1,122</u>		<u>\$ (27,235)</u>	<u>\$ (2)</u>					<u>\$ (27,776)</u>
Fiscal Year 1989-90										
CURRENT FUND:										
Unrestricted Subfund										
Estimate	\$ 408,804						\$2,181,429	\$145,196		\$2,735,429
Actual	<u>429,729</u>						<u>2,159,014</u>	<u>143,093</u>		<u>2,731,836</u>
Collections Over(under) Estimate	<u>\$ 20,925</u>						<u>\$ (22,415)</u>	<u>\$ (2,103)</u>		<u>\$ (3,593)</u>
Restricted Subfund										
Estimate	\$ 2,500	\$ 1,200				\$12,600		\$509,500		\$ 525,800
Actual	<u>2,708</u>	<u>1,191</u>				<u>9,011</u>		<u>533,835</u>		<u>546,745</u>
Collections Over(under) Estimate	<u>\$ 208</u>	<u>\$ (9)</u>				<u>\$ (3,589)</u>		<u>\$ 24,335</u>		<u>\$ 20,945</u>
Designated Subfund										
Estimate	\$ 257,300	\$ 0	\$ 24,000		\$1,000	\$ 6,000			\$ 3,300	\$ 291,600
Actual	<u>85,605</u>	<u>68</u>	<u>10,461</u>		<u>3,726</u>	<u>5,619</u>			<u>0</u>	<u>105,479</u>
Collections Over(under) Estimate	<u>\$ (171,695)</u>	<u>\$ 68</u>	<u>\$ (13,539)</u>		<u>\$2,726</u>	<u>\$ (381)</u>			<u>\$ (3,300)</u>	<u>\$ (186,121)</u>
Auxiliary Subfund										
Estimate	\$ 1	\$ 3,200	\$250,000					\$ 0	\$ 400	\$ 253,601
Actual	<u>0</u>	<u>1,158</u>	<u>236,052</u>					<u>179</u>	<u>0</u>	<u>237,389</u>
Collections Over(under) Estimate	<u>\$ (1)</u>	<u>\$ (2,042)</u>	<u>\$ (13,948)</u>					<u>\$ 179</u>	<u>\$ (400)</u>	<u>\$ (16,212)</u>
PLANT FUND:										
Renewal & Replacement Subfund										
Estimate	\$ 40,000	\$ 6,800		\$ 27,400	\$ 300					\$ 74,500
Actual	<u>36,445</u>	<u>7,459</u>		<u>26,834</u>	<u>200</u>					<u>70,938</u>
Collections Over(under) Estimate	<u>\$ (3,555)</u>	<u>\$ 659</u>		<u>\$ (566)</u>	<u>\$ (100)</u>					<u>\$ (3,562)</u>

¹See note 1 on page 114.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 114 through 116.

MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES AND TRANSFERS OUT BY OBJECT AND FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1991

	Instruction	Academic Support	Student Services	Institutional Support	Plant Operation & Maintenance	Scholarships & Fellowships	Transfers	Auxiliary Enterprises	Recharge Services	Plant	Total
PERSONAL SERVICES											
Salaries	\$ 1,226,929	\$ 36,835	\$153,213	\$156,501	\$ 216				\$ 3,905		\$1,577,599
Hourly Wages	26,929	72,408	51,251	76,036	141,586	\$ 42,750		\$ 36,670	3,794		451,424
Employee Benefits	257,985	25,774	43,377	47,844	41,400			11,136	1,955		429,471
Total	<u>1,511,843</u>	<u>135,017</u>	<u>247,841</u>	<u>280,381</u>	<u>183,202</u>	<u>42,750</u>		<u>47,806</u>	<u>9,654</u>		<u>2,458,494</u>
OPERATING EXPENSES											
Other Services	48,773	7,513	37,766	15,440	9,725			443	14,243		133,903
Supplies & Materials	99,969	18,173	12,609	5,224	18,160			28,455	14,674		197,264
Communications	1,060	37	25,822	12,267	25,035			783	7		65,011
Travel	13,560	727	8,623	7,638	1,171				143		31,862
Rent	837	438	340	402	36				450		2,503
Utilities					111,286			15			111,301
Repair & Maintenance	29,956	787	116	333	17,003			579	11,836		60,610
Other Expenses	10,240	5,771	3,514	4,161	916	3,150		175	1,013		28,940
Goods Purchased For Resale								139,496			139,496
Total	<u>204,395</u>	<u>33,446</u>	<u>88,790</u>	<u>45,465</u>	<u>183,332</u>	<u>3,150</u>		<u>169,946</u>	<u>42,366</u>		<u>770,890</u>
EQUIPMENT AND INTANGIBLE ASSETS											
Equipment	60,436	1,569	610		5,938				31,804		100,357
Intangible Assets									12,748		12,748
Total	<u>60,436</u>	<u>1,569</u>	<u>610</u>		<u>5,938</u>				<u>44,552</u>		<u>113,105</u>
GRANTS											
From State Sources						8,172					8,172
From Federal Sources						496,595					496,595
Total						<u>504,767</u>					<u>504,767</u>
TRANSFERS											
Nonmandatory Transfers							16,755				16,755
Total							<u>16,755</u>				<u>16,755</u>
TOTAL PROGRAM EXPENDITURES	<u>\$ 1,776,674</u>	<u>\$170,032</u>	<u>\$337,241</u>	<u>\$325,846</u>	<u>\$372,472</u>	<u>\$550,667</u>	<u>\$ 16,755</u>	<u>\$217,752</u>	<u>\$ 96,572</u>		<u>\$3,864,011</u>
CURRENT FUND:											
Unrestricted Subfund											
Budget	\$ 1,627,913	\$166,376	\$330,084	\$325,998	\$372,651						\$2,823,022
Actual	<u>1,612,434</u>	<u>166,185</u>	<u>329,832</u>	<u>325,846</u>	<u>372,299</u>						<u>2,806,596</u>
Unspent Budget Authority	<u>\$ 15,479</u>	<u>\$ 191</u>	<u>\$ 252</u>	<u>\$ 152</u>	<u>\$ 352</u>						<u>\$ 16,426</u>
Restricted Subfund											
Budget	\$ 109,559					\$551,100	\$ 5,000				\$ 665,659
Actual	<u>102,869</u>					<u>541,941</u>	<u>4,755</u>				<u>649,565</u>
Unspent Budget Authority	<u>\$ 6,690</u>					<u>\$ 9,159</u>	<u>\$ 245</u>				<u>\$ 16,094</u>
Designated Subfund											
Budget	\$ 117,000	\$ 25,000	\$ 15,000		\$ 3,000	\$ 8,800			\$154,000		\$ 322,800
Actual	<u>61,371</u>	<u>3,847</u>	<u>7,409</u>		<u>173</u>	<u>8,726</u>			<u>96,572</u>		<u>178,098</u>
Unspent Budget Authority	<u>\$ 55,629</u>	<u>\$ 21,153</u>	<u>\$ 7,591</u>		<u>\$ 2,827</u>	<u>\$ 74</u>			<u>\$ 57,428</u>		<u>\$ 144,702</u>
Auxiliary Subfund											
Budget								\$245,001			\$ 245,001
Actual								<u>217,752</u>			<u>217,752</u>
Unspent Budget Authority								<u>\$ 27,249</u>			<u>\$ 27,249</u>
PLANT FUND:											
Renewal & Replacement Subfund											
Budget							\$ 12,000			\$ 70,000	\$ 82,000
Actual							<u>12,000</u>				<u>12,000</u>
Unspent Budget Authority							<u>\$ 0</u>			<u>\$ 70,000</u>	<u>\$ 70,000</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 114 through 116.

MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES AND TRANSFERS OUT BY OBJECT AND FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	Instruction	Academic Support	Public Service	Student Services	Institutional Support	Plant Operation & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Recharge Services	Plant Programs	Total
PERSONAL SERVICES											
Salaries	\$1,208,404	\$102,256		\$189,415	\$224,318	\$134,912		\$ 34,900	\$ 2,572		\$1,896,777
Hourly Wages	68	2,873		2,004	727	4,666	\$ 40,254	1,077			51,669
Employee Benefits	247,976	24,011		42,226	47,144	39,021		10,672	407		411,457
Total	<u>1,456,448</u>	<u>129,140</u>		<u>233,645</u>	<u>272,189</u>	<u>178,599</u>	<u>40,254</u>	<u>46,649</u>	<u>2,979</u>		<u>2,359,903</u>
OPERATING EXPENSES											
Other Services	33,375	2,188		42,277	41,895	8,199		509	24,123		152,566
Supplies & Materials	83,946	18,375		12,888	6,311	16,876		30,598	15,119		184,113
Communications	556			25,269	10,508	22,789		791	14		59,927
Travel	7,696	1,252		5,534	9,247	580					24,309
Rent	168	696		537	384	148					1,933
Utilities						104,803					104,803
Repair & Maintenance	33,140	698			422	14,932		559	8,007	\$14,772	72,530
Other Expenses	5,608	5,291		4,087	6,354	987	1,100	181	(95,495)		(71,887)
Goods Purchased For Resale								145,122			145,122
Total	<u>164,489</u>	<u>28,500</u>		<u>90,592</u>	<u>75,121</u>	<u>169,314</u>	<u>1,100</u>	<u>177,760</u>	<u>(48,232)</u>	<u>14,772</u>	<u>673,416</u>
EQUIPMENT AND INTANGIBLE ASSETS											
Equipment	41,439	13,179		6,302	3,937	3,420			42,313		110,590
Intangible Assets	2,142								9,564		11,706
Total	<u>43,581</u>	<u>13,179</u>		<u>6,302</u>	<u>3,937</u>	<u>3,420</u>			<u>51,877</u>		<u>122,296</u>
GRANTS											
From State Sources							8,153				8,153
From Federal Sources							479,408				479,408
Total							<u>487,561</u>				<u>487,561</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,664,518</u>	<u>\$170,819</u>		<u>\$330,539</u>	<u>\$351,247</u>	<u>\$351,333</u>	<u>\$528,915</u>	<u>\$224,409</u>	<u>\$ 6,624</u>	<u>\$14,772</u>	<u>\$3,643,176</u>
CURRENT FUND:											
Unrestricted Subfund											
Budget	\$1,565,798	\$168,119		\$295,435	\$351,256	\$351,341					\$2,731,949
Actual	<u>1,565,540</u>	<u>168,111</u>		<u>295,421</u>	<u>351,247</u>	<u>351,333</u>					<u>2,731,652</u>
Unspent Budget Authority	\$ 258	\$ 8		\$ 14	\$ 9	\$ 8					\$ 297
Restricted Subfund											
Budget	\$ 18,000			\$ 29,500			\$539,800				\$ 587,300
Actual	<u>15,913</u>			<u>29,128</u>			<u>523,296</u>				<u>568,337</u>
Unspent Budget Authority	\$ 2,087			\$ 372			<u>\$ 16,504</u>				\$ 18,963
Designated Subfund											
Budget	\$ 125,500	\$ 10,000	\$1,000	\$ 12,500			\$ 6,000		\$153,000		\$ 308,000
Actual	<u>83,065</u>	<u>2,708</u>	<u>0</u>	<u>5,990</u>			<u>5,619</u>		<u>6,624</u>		<u>104,006</u>
Unspent Budget Authority	\$ 42,435	\$ 7,292	\$1,000	\$ 6,510			\$ 381		<u>\$146,376</u>		\$ 203,994
Auxiliary Subfund											
Budget								\$241,001			\$ 241,001
Actual								<u>224,409</u>			<u>224,409</u>
Unspent Budget Authority								<u>\$ 16,592</u>			\$ 16,592
PLANT FUND:											
Renewal & Replacement Subfund											
Budget									\$ 50,000		\$ 50,000
Actual									<u>14,772</u>		<u>14,772</u>
Unspent Budget Authority									<u>\$ 35,228</u>		<u>\$ 35,228</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 114 through 116.

Missoula Vocational-Technical Center

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 1991

Summary of Significant Accounting Policies

Basis of Accounting

The Missoula Vocational-Technical Center uses the accrual basis of accounting except for depreciation accounting for its funds. Under the accrual basis as defined by state accounting policy, the center records revenues in the accounting period earned, if measurable; it records expenses in the period incurred, if measurable.

Expenditures and expenses may include entire budgeted service contracts even though the center received the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules were prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments. Accounts are organized in funds according to state law. The center uses the following funds.

Current Fund

Includes economic resources expendable for instruction, research, public service, and the allied support operations and programs. The financial activities of the Current Fund are subdivided into the four following subfunds.

Unrestricted - funds for general operations which are free of restrictions, except those imposed by the legislature.

Restricted - funds for financing general operations for purposes imposed by sources external to the Board of Regents and the

Notes to the Financial Schedules

legislature, such as the federal Carl Perkins and student financial aid programs.

Designated - funds for general operations which have been internally restricted, such as recharge operations, instructional materials fees, and student government. This fund is separately classified in order to distinguish the specific type of service being provided to various departments and is supported by internal charges to user departments.

Auxiliary - funds for providing goods and services primarily to students, faculty, or staff through a fee charged the consumer which is directly related to, but does not necessarily equal, the cost of the goods or services provided. The revenues are derived directly from the auxiliary bookstore and snack bar operations.

Endowment Fund

Income from endowments have to be used for the purpose specified by the donor.

Plant Fund

Accounts for financial resources allocated for capital outlay purposes or to retire long-term debts associated with construction or acquisition of fixed assets. The Renewal & Replacement Subfund accounts for the funds needed to provide for the renewal and replacement of Plant Fund assets.

The Investment in Plant Subfund accounts for all long-lived assets in the service of the center as well as associated liabilities. This subfund is not presented on the financial schedules.

Revenue Classifications

Charges for Services - tuition and fee revenue is included in this revenue classification.

Other Financing Sources - the majority of this revenue classification is General Fund transfers and mill levies.

No Budgeted Revenue Class- several revenue estimates were not classified within a revenue classification.

Vacation and Sick Leave

Qualifying classified and administrative employees at the center accumulate both annual and sick leave. The center pays employees 100 percent of unused annual leave. Classified employees are paid 25 percent of unused sick leave upon termination. Teachers and administrators, upon termination, are paid 50 percent for unused accumulated sick leave earned prior to July 1, 1989, and 25 percent for sick leave earned after June 30, 1989. The center absorbs expenditures for termination pay in its annual operational costs. At June 30, 1990 and at June 30, 1991, the center had a liability of \$257,848 and \$281,542, respectively, which contributes to the negative fund balance in the Unrestricted Subfund.

Carl Perkins

The Office of the Commissioner of Higher Education (CHE) subgranted federal Carl Perkins funds of \$159,006 and \$278,460 to the center for fiscal year 1989-90 and 1990-91, respectively.

In fiscal years 1989-90 and 1990-91, the center recorded Carl Perkins activity, to the extent of legislative appropriation, in the Unrestricted Subfund. The center reported all other Carl Perkins activity in the Restricted Subfund. The center recorded, in the Unrestricted Subfund, Carl Perkins receipts of \$143,093 in fiscal year 1989-90 and \$171,796 in fiscal year 1990-91 as federal revenue. The center recorded in the Restricted Subfund, Carl Perkins receipts of \$15,913 in fiscal year 1989-90 and \$106,664 in fiscal year 1990-91 as federal revenue.

Effective fiscal year 1991-92 the Carl Perkins funds are recorded in the Restricted Subfund.

Agency Responses



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-3104
(406) 444-8570

COMMISSIONER OF HIGHER EDUCATION

June 1, 1992

Mr. Scott Seacat
Legislative Auditor
State Capitol
Helena, MT. 59620

Dear Mr. Seacat:

Enclosed are the responses to the financial-compliance audit report of the Vocational Technical Centers System for the two years ended June 30, 1991. We believe that the presentation of the Vocational Technical Centers report in a system format provides useful comparative information for the Board of Regents, the individual Vocational Technical Centers, Legislators, and other users of the report. We concur with all but one recommendation and found the audit process of value in our mutual efforts to improve the financial reporting and compliance efforts of the Vocational Technical Centers. Please extend our thanks to your staff for their cooperation and the professional manner in which they conducted the audit.

Sincerely,

A handwritten signature in cursive script that reads "Laurie O. Neils".

Laurie O. Neils
Director of Budget and Accounting

c: John Hutchinson
Brady Vardemann

enclosure

RECOMMENDATION #1

We recommend the Commissioner of Higher Education assist the centers in establishing systems to ensure the state match is met as required by federal programs.

AGENCY RESPONSE:

Do Not Concur.

The Office of the Commissioner of Higher Education believes that we have, to the best of our ability, complied with this recommendation. The Montana State Legislature appropriated Carl D. Perkins Vocational Education Act (P.L. 98-524) funds into the base operating budgets of the five vocational technical centers during the audited period. This was contrary to the advice and public testimony of the sole state agency, the Board of Regents. It was the Legislature's judgment that such general use of Perkins funds was acceptable. Therefore, use of any appropriated state funds in support of vocational technical education by those five agencies is legitimate as match. (The 1991 Legislature removed Carl Perkins funds from the 1993 biennium base operating budgets for the vocational technical centers.)

Additionally, the Office of the Commissioner of Higher Education provides technical assistance in the form of manuals, memo, visitations, and phone calls to all recipients of Perkins funds, including the vocational technical centers. Advice concerning the appropriateness of state matching funds was provided to the vocational technical centers and other Perkins recipients.

RECOMMENDATION #2

We recommend the centers record the Board of Regents approved budgets on SBAS in accordance with state law.

AGENCY RESPONSE:

Concur

In June 1991 and again in May 1992, the Office of the Commissioner of Higher Education (OCHE) issued a memo to the vocational technical centers regarding their responsibilities related to recording their approved operating budgets on SBAS. Although the OCHE is not adequately staffed to be able to ensure that every appropriation mirrors the budget approved by the Board of Regents, a concerted effort will be made to spot-check SBAS records against approved operating budgets. OCHE staff will work with the Budget Office to determine if different procedures are available to ensure that Budget Office turnaround documents and Regents' approved operating budgets are in sync.

RECOMMENDATION #4

We recommend the Commissioner of Higher Education continue working with the centers to consistently record SSIG revenue and expenditures in accordance with state policy.

AGENCY RESPONSE:

Concur

For Fiscal Year 1993, when the notification letter goes out from the Office of the Commissioner of Higher Education, a copy will be sent to the chief fiscal officers. This memo will contain the split between the federal and state portions of the SSIG for each center as well as the recommended state class code for each.

BILLINGS VOCATIONAL-TECHNICAL CENTER

3803 CENTRAL AVENUE

BILLINGS, MONTANA 59102-4398

PHONE: (406) 656-4445

FAX: (406) 652-1729

GEORGE E. BELL, DIRECTOR
ROBERT J. CARR, ASSOCIATE DIRECTOR
TERESA D. TIMM, ASSISTANT DIRECTOR

May 26, 1992

8

Mr. James Gillett
Deputy Legislative Auditor
Office of the Legislative Auditor
State Capitol
Helena, Montana 59620

Dear Mr. Gillett:

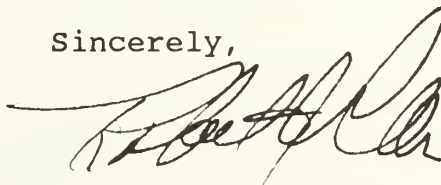
Following is our response to the findings and recommendations made regarding the student financial assistance awards segment of the final report on the audit of the Billings Vocational-Technical Center.

RECOMMENDATION #3 - We recommend the Billings Vocational-Technical Center work with the other centers to implement a system to ensure Vocational Rehabilitation and Job Training Partnership Act assistance is considered in determining the student's financial need.

RESPONSE TO #3 - The Center concurs with this recommendation and will contact the other centers in a timely manner to inquire as to their procedures in tracking agency funding when determining financial need.

We are appreciative of the time and professional assistance that the audit staff provided during their time here at the Billings Vocational-Technical Center.

Sincerely,



Robert J. Carr
Associate Director

cc: Laurie Neils
Director of Budget and Accounting
Office of the Commissioner of Higher Education



TO: Mr. Jim Gillett
Deputy Legislative Auditor
Office of the Legislative Auditor

FROM: H.J. Freebourn, Director *HJ*
Butte Vocational Technical Center

SUBJECT: Center Responses to the Butte Vo-Tech Center Audit for
the Two Fiscal years Ended June 30, 1991.

DATE: June 1, 1992

As per your communication dated May 20, 1992, please find the
attached responses.

Butte Vocational-Technical Center
Audit
for the Two Fiscal Years Ended June 30, 1992

CENTER RESPONSES

Legislative Auditor's Recommendation #3

We recommend the Billings and Butte Vocational-Technical Centers work with the other centers to implement a system to ensure vocational rehabilitation and Job Training Partnership Act assistance is considered in determining the student's financial need.

Center's Response:

Concur with recommendation #3

The Financial Aid Officer implemented a plan commencing with Fall Semester 1991, to include all resources in determining a student financial need. All agencies have been notified to inform the Center's business and financial aid offices of resources to pay for educational costs one week prior to registration. Coordination between the agencies and Center during FY 92 was very rewarding.

The Financial Aid Officer also implemented policy effective Fall Semester 1991, to distribute Stafford Loans 30 days subsequent to the commencement of the semester. This procedure should eliminate the problem of overawards.

The vocational-technical system Financial Aid Officers are currently in the process of scheduling a meeting this summer to devise and coordinate a plan to assist the centers in controlling agency overawarding.

Legislative Auditor's Recommendation #5

We recommend the Butte Vocational-Technical Center record expenditures in the proper year in accordance with state laws and regulations.

Center's Response:

Concur with recommendation #5

The Center had anticipated the purchase order by the state would be issued in a timely manner, thus preventing recommendation #5. Recommendation corrected 8/1/91/.

Legislative Auditor's Recommendation #6

We recommend the Butte Vocational-Technical Center develop a plan to ensure the Auxiliary Subfund is consistently allocated all applicable expenditures.

Center's Response:

Concur with recommendation #6.

A budget plan has been developed by the Center Accountant and will be in operation effective 7/1/92.

Legislative Auditor's Recommendation #7

We recommend the Butte Vocational-Technical Center ensures Financial activity is properly recorded on SBAS in accordance with state law and policy.

Center's Response:

Concur with recommendation #7.

(A) #1, Compensated absences were corrected and recorded on SBAS on 12/9/91 on form 271 document #253. (B) #2 and #3, were corrected 7/1/91. (C) Item #4, matching work study receivables were corrected on 8/8/91 on form 271, document #200.

Legislative Auditor's Recommendation #8

We recommend the Butte Vocational-Technical Center award financial aid based on the financial need as documented in the student's file.

Center's Response:

Concur with recommendation #8

All summer work-study awards have been documented correctly and accurately as of July 1, 1991.

Legislative Auditor's Recommendation #9

We recommend the Butte Vocational-Technical Center implement formal procedures to ensure state college work-study is awarded in accordance with state law.

Center's Response:

The Financial Aid Officer implemented formal procedures to ensure that 70% of state work-study funds are awarded based on student need. Procedures have also been put into place to accurately distribute remaining awards on a basis other than financial need. Policy effective date July 1, 1992.

Legislative Auditor's Recommendation #10

We recommend the Butte Vocational-Technical Center:

A. Comply with state employee travel laws and regulations.

B. Adequately document actual travel expenses incurred by its employees.

Center's Responses:

Concur with recommendation #10

A. State Travel expense voucher has been placed in operation January 4, 1992.

B. Authority and responsibility for travel has been assigned to the Assistant Director of Administration/Academic Affairs as of July 1, 1992. Mechanics of the travel policy remain with the Center's Accountant.

Legislative Auditor's Recommendation #11

We recommend the Butte Vocational-Technical Center adequately document compliance with the state's timely deposit law.

Center's Response:

Center concurs with recommendation #11

Center's Accountant will implement procedures effective July 1, 1992, under the direction of the Assistant Director of Administration/Academic Affairs, for compliance with the state's timely deposit law.

SUMMARY
OF
LEGISLATIVE AUDITOR'S RECOMMENDATIONS
CENTER RESPONSES AND ESTIMATED COMPLETION DATES

<u>Legislative Auditor's Recommendations</u>	<u>Center's Responses</u>	<u>Estimated Completion Date</u>
# 3	Concur	Fall Sem. 1991
# 5	Concur	8/1/91
# 6	Concur	7/1/92
# 7 A	Concur	12/9/91
B	Concur	7/1/91
C	Concur	8/8/91
# 8	Concur	7/1/91
# 9	Concur	7/1/92
#10 A	Concur	1/4/92
B	Concur	7/1/92
#11	Concur	7/1/92



GREAT FALLS
VOCATIONAL
TECHNICAL
CENTER

2100 - 16th Avenue South
Great Falls, MT 59405
406 / 771-1240

May 26, 1992

James Gillett
Deputy Legislative Auditor
Office of the Legislative Auditor
Room 135, State Capitol
Helena, MT 59620

Dear Mr. Gillett,

Enclosed are our responses to the recommendation made in the Financial-Compliance Audit of the Great Falls Vocational-Technical Center for the two fiscal years ended June 30, 1991, performed by your staff. Also included is the copy of the draft report that we are returning.

I would like to extend my sincere thanks to your staff involved with our audit. They exhibited professionalism and cooperation with the Center staff.

Sincerely,

Willard R. Weaver
Director

WRWtjs

Enclosures

RESPONSE TO
THE FINANCIAL-COMPLIANCE AUDIT OF
THE GREAT FALLS VOCATIONAL-TECHNICAL CENTER
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

Recommendation #12 We recommend the Great Falls Vocational-Technical Center continue to improve its cash estimation process and disburse federal funds within three working days of receipt.

CENTER REPLY Concur. The Center is currently requesting federal cash on a biweekly basis to coincide with the state payroll function. Further, a form is being developed to more closely estimate federal cash demands and provide a better audit trail of federal cash balances.

Recommendation #13 We recommend the Great Falls Vocational-Technical Center seek approval for all preagreement costs.

CENTER REPLY Concur. The Center will obtain approval for preagreement costs.

Recommendation #14 We recommend the Great Falls Vocational-Technical Center establish review procedures for collections to ensure amounts received are deposited.

CENTER REPLY Concur. The accountant position is being divided into two part time positions. This will allow complete segregation of duties with respect to the cash collection function.

HELENA VOCATIONAL — TECHNICAL CENTER

1115 NORTH ROBERTS — HELENA, MONTANA 59601-3098
PHONE (406) 444-6800



May 28, 1992

ALEX CAPDEVILLE
DIRECTOR

JAMES BURK
ASST. DIRECTOR

WILLIAM FIFE
ASST. DIRECTOR/
STUDENT SERVICES

James Gillett
Deputy Legislative Auditor
Office of the Legislative Auditor
State Capitol
Helena, MT 59620

Dear Mr. Gillett:

Enclosed is Helena Vocational-Technical Center's audit response for Fiscal Years 90 and 91.

We appreciate your cooperation during the past audit and throughout the year. If you have any questions, please contact my office.

Sincerely,

Alex Capdeville, Ph.D.
Director

AC/dh

Enclosure

HELENA VOCATIONAL-TECHNICAL CENTER
RESPONSE

FINANCIAL-COMPLIANCE AUDIT
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1991

RECOMMENDATION #15

We recommend the center comply with state purchasing laws and regulations.

RESPONSE

Concur. A more thorough review has been implemented during FY92 that will assure compliance. It should be noted that in previous cases three price quotes were requested to assure the best price was received.

RECOMMENDATION #16

We recommend the center implement review procedures to ensure the federal financial aid reports are supported by accounting records.

RESPONSE

Concur. The HVTC is implementing review procedures to ensure the federal financial aid reports are supported by accounting records.

RECOMMENDATION #17

We recommend the center establish adequate control over merchandise inventory.

RESPONSE

Concur. We will immediately implement segregation of duties for inventory control.

RECOMMENDATION #18

We recommend the center implement controls to ensure proper segregation of duties over collections.

RESPONSE

Concur. We have implemented changes for FY92 which segregate the duties over collections.

RECOMMENDATION #19

We recommend the center implement controls to ensure employees are not given more than one computer access ID.

RESPONSE

Concur. This problem occurred during the first six months of FY91 but was corrected thereafter. We have implemented a review process to ensure the assignment of only one computer access ID for each employee. There have been no problems during the balance of FY91 nor during the entire fiscal year 92.

RECOMMENDATION #20

We recommend the center record expenditures in the proper year in accordance with state law and policy.

RESPONSE

Concur. We feel that we have been recording expenditures properly. However, we will ensure that purchase orders will always be issued for the same year that expenses are incurred or obligated.

RECOMMENDATION #21

We recommend the center:

- A: Request and deposit federal funds prior to disbursing student financial aid.**
- B: Obtain authorization for inter-entity loans in accordance with state law.**

RESPONSE

- A: Concur. HVTC has implemented procedures in FY92 to correct this problem and have procedures developed for FY93 to ensure that federal funds will always be deposited prior to disbursements of financial aid.**
- B: Concur. HVTC has not made or needed any loans since implementing new procedures in FY92, nor should it be necessary to make any loans for financial aid in the future. However, if any inter-entity loans are needed at HVTC, they will be made in accordance with state law.**

RECOMMENDATION #22

We recommend the center ensure financial activity is properly recorded on SBAS in accordance with state law and policy.

RESPONSE

Concur. HVTC will review monthly SBAS reports more closely in an attempt to ensure that all financial activity is recorded properly. This will be implemented immediately and will be applied here forward.

RECOMMENDATION #23

We recommend the center:

- A: Provide training to key personnel to enhance compliance with state accounting and control policies.**
- B: Adequately supervise and review center personnel's work to ensure errors are minimized and detected in a timely manner.**

RESPONSE

- A: Concur. HVTC will seek available training for key personnel to enhance compliance with state accounting and control policies. This will be implemented immediately.**
- B: Concur. HVTC will implement closer supervision and review of all accounting entries in order to minimize and detect errors.**

- *Post Secondary Vocational Technical Education*
- *Adult Continuing Education*
- *Community Services*

Phone (406) 542-6811

909 South Avenue West

Missoula, Montana 59801-7910

June 1, 1992

JUN - 2 1992

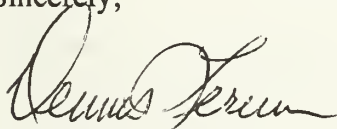
Mr. James Gillett
Deputy Legislative Auditor
Office of the Legislative Auditor
State Capitol
Helena, Montana 59620

Dear Mr. Gillett:

Enclosed is the Missoula Vocational Technical Center response to the audit report prepared by your office of the Center's activities for the two fiscal years ended June 30, 1990, and 1991.

Center personnel express their appreciation to you and your staff for a professional and cooperative effort. Your field auditors completed their tasks efficiently with minimum disruption of normal Center operation. Your comments and recommendations will, as usual, be beneficial to the future operation of Missoula Vocational Technical Center.

Sincerely,



Dennis Lerum
Director

DL/cav

Enclosure

cc: Laurie Neils

MISSOULA VOCATIONAL TECHNICAL CENTER
RESPONSE TO AUDITOR'S RECOMMENDATIONS
FOR FISCAL YEARS ENDED JUNE 30, 1990, AND 1991

Recommendation #24

We recommend the Missoula Vocational Technical Center comply with state law and policy regarding access to contractor records.

Response

We concur. Center personnel generate very few contracts with private contractors and were unaware of either House Bill language or the recently enacted Section 18-1-118 MCA. All contracts issued after this audit will contain the required language.

Plan for Corrective Action

All future contracts will be reviewed for compliance by the Director or the Director's designee.

Recommendation #25

We recommend the Missoula Vocational Technical Center return the excess additional millage to the school district as required by state law.

Response

We partially concur. Section 20-16-207(3) MCA does require excess millage be returned to the school district. However, as noted in the disclosure issue on page 60 of this audit, there is still a significant unresolved property ownership issue between the State and the Missoula County High School District. Center personnel felt they were acting in the best interest of the State by withholding refund of the additional millage until the property issue was resolved. If the Legislative Audit Committee feels the refund should be made prior to settlement of the property issue it will be done immediately.

Plan for Corrective Action

Center personnel will continue to work with Missoula County High School District to resolve the property issue. The additional millage will continue to be held unless the Committee suggests a refund be made. If a refund is the preferred alternative, the refund will be processed as soon as possible.

Recommendation #26

We recommend the Missoula Vocational Technical Center properly record interdepartmental eliminations in compliance with state law and policy.

Response

We concur. Center personnel clearly erred in making the adjusting entries in both fiscal years.

Plan for Corrective Action

Adjusting entries for this and future years will be reviewed by the Supervisor of Administrative Affairs. If necessary, the Accounting Division and the Office of the Commissioner of Higher Education will be consulted.

